The Colony, Texas

It's A Golden Jubilee
Celebrating 50 years

Photo Credit: Roy F. Martin, Jr.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR 2023/2024

Annual Comprehensive Financial Report of the

City of The Colony, Texas

The Colony, Texas

For the Year Ended September 30, 2024
As Prepared by The Finance Department

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INTRODUCTORY SECTION

March 18th, 2025

The Honorable Mayor and Members of the City Council and Citizens of the City of The Colony, Texas

The Finance Department of the City of The Colony is pleased to submit the Annual Comprehensive Financial Report of the City of The Colony, Texas, for the fiscal year ended September 30, 2024.

This report is published to provide the City Council, Management Staff, our Citizens and other interested parties with detailed information concerning the financial condition and performance of the City Government. Responsibility for the accuracy and completeness of the presented data and the fairness of the presentation, including all disclosures, rests with the City of The Colony.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

THE REPORT

The Financial Section includes the Management's Discussion and Analysis (MD&A) and basic financial statements. This section also includes the auditor's report on the basic financial statements. The MD&A provides narrative introduction, overview, and analysis. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Statistical Section includes selected tables of comparative economic and financial data, generally presented on a multi-year basis, as well as demographic and other pertinent miscellaneous and operational statistics.

Main item to note this year is a restatement of the beginning net position and fund balance as described in the MD&A and Note 13 of the Notes to the Financial Statements.

The Financial Statements included in this report were prepared in accordance with accounting principles generally accepted in the United States of America for local governments as prescribed by the Governmental Accounting Standards Board (GASB), The National Council on Governmental Accounting (NCGA), and the American Institute of Certified Public Accountants (AICPA). The financial statements have been audited by the independent accounting firm of Certified Public Accountants, Eide Bailly L.L.P., whose report is included herein.

POPULATION

The City's population has grown steadily since the early 2000's and is currently estimated at 55,000. Most recent residential growth is due to continued development at the Tribute (formerly known as Wynnewood Peninsula) and Austin Ranch just south of SH121. The City's 2024 Ad Valorem tax base increased from the prior year by a little over 3% to $7.275 billion.

Sales tax revenues in the General Fund decreased by $897,000 or 3.5% from the previous year due to the overall muted growth from both consumer and business spending driving sectors as spending continued to subside from the post pandemic inflationary surge. Sales tax revenues represents approximately 19.9% of the City's General Fund total income.

Water and sewer revenues in 2023-2024 increased by about $1.9 million to $29.4 million due primarily to drier summer months resulting in more water usage.

Ad Valorem Tax Rate

Ad Valorem tax rate was reduced from $.6450 to $.6400 per $100 valuation for fiscal year 2023-2024. Council's expectation is to continue to reduce the tax rate as additional revenues from growth and increased property valuations permit.

Fund Balance - General Fund

Reserves in the General Fund decreased by $4.1 million from the prior fiscal year to $37.1 million or 254 operating days. Council's goal is 90 days.

Fund Balance - Other Funds

All other fund reserves decreased by $13.9 million during the fiscal year to $19.9 million due mainly to net change in fund balance of Capital Projects of ($19.4 million).

PROSPECT FOR THE FUTURE

The Colony's prospects for the future are promising and very optimistic. Most recent economic drivers are:

The Nebraska Furniture Matt TIRZ was established November 2011 for a 433 acre $1.5 billion Grandscape development. The Nebraska Furniture Mart store, the anchor store of the development, opened in early March 2015. The site has remained viable and revenue producing even through the pandemic and has seen numerous new stores open in the past year, to include, entertainment, dining, and retail offerings on the site.

In June 2020, Scheels opened the largest sporting goods store in the World offering 85 specialty shops. Numerous restaurants and a hotel have also located in the Zone. PopStroke, 151 Coffee, Roam, Worldsprings and COSM opened this past year. On the north side of SH121, in The Colony and across from Grandscape, Rooms To-Go, Mattress Firm, and Floor and Decor have opened. Other new commercial development on the north side of SH121 in the City include Topgolf, numerous hotels, a medical office building, couple of shopping centers, and several restaurants and other businesses. Business activity has brought numerous jobs to the City. The Nebraska Furniture Mart store itself employs around 1,800 people.

The Tribute, the only remaining sizeable residential development in the City, continues to increase the number of buildable lots. Housing permits have remained strong for the past couple of years and are expected to do so for the next several years.

FINANCIAL MANAGEMENT

The Colony continues to evaluate operating activity to help ensure services are provided as efficiently as possible. Service levels are reviewed in conjunction with revenues, expenses, and reserves to help ensure the best possible use is made of available resources.

Long-term Financial Planning

The budget process provides a road map for short-term and long-term needs and aids in the allocation of limited resources to prioritized services and needs. Each year a Capital Improvement Program is developed which helps gauge future funding priorities and is the foundation on which annual budgets are built. Revenues, expenses, and capital needs are projected for each of the five following years to identify service needs and financing available. Staff helps Council with the challenge of prioritizing and providing efficient and effective services to the community with current and future available funds.

As a combined effort, the City Manager's Office, Finance Director, and all departments monitor revenues and expenditures throughout the year. Appropriate actions are taken to control expenditures, and to make adjustments when revenues fall short of expectations.

Relevant Financial Policies

The City has strong financial management policies that provide the basis for the City's financial operations.

The City's goal is to always maintain at least 80 operating days in unassigned fund balance for the general fund, and 60 operating days in water and sewer unrestricted net positions.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of The Colony; Texas, for its annual comprehensive financial report for the fiscal year ended September 30, 2023. (This was the 33rd consecutive year that The Colony has achieved this prestigious award.)

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the year beginning October 1, 2023. The City has received the award annually since the budget year beginning on October 1, 1993. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operation guide, and a communications device.

ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would also like to thank the Mayor and City Council for their interest and leadership in planning and conducting the financial operations of the City of The Colony in a responsible and progressive manner.

Respectfully submitted,

Troy Powell, City Manager

Tim Miller, Assistant City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of The Colony
Texas

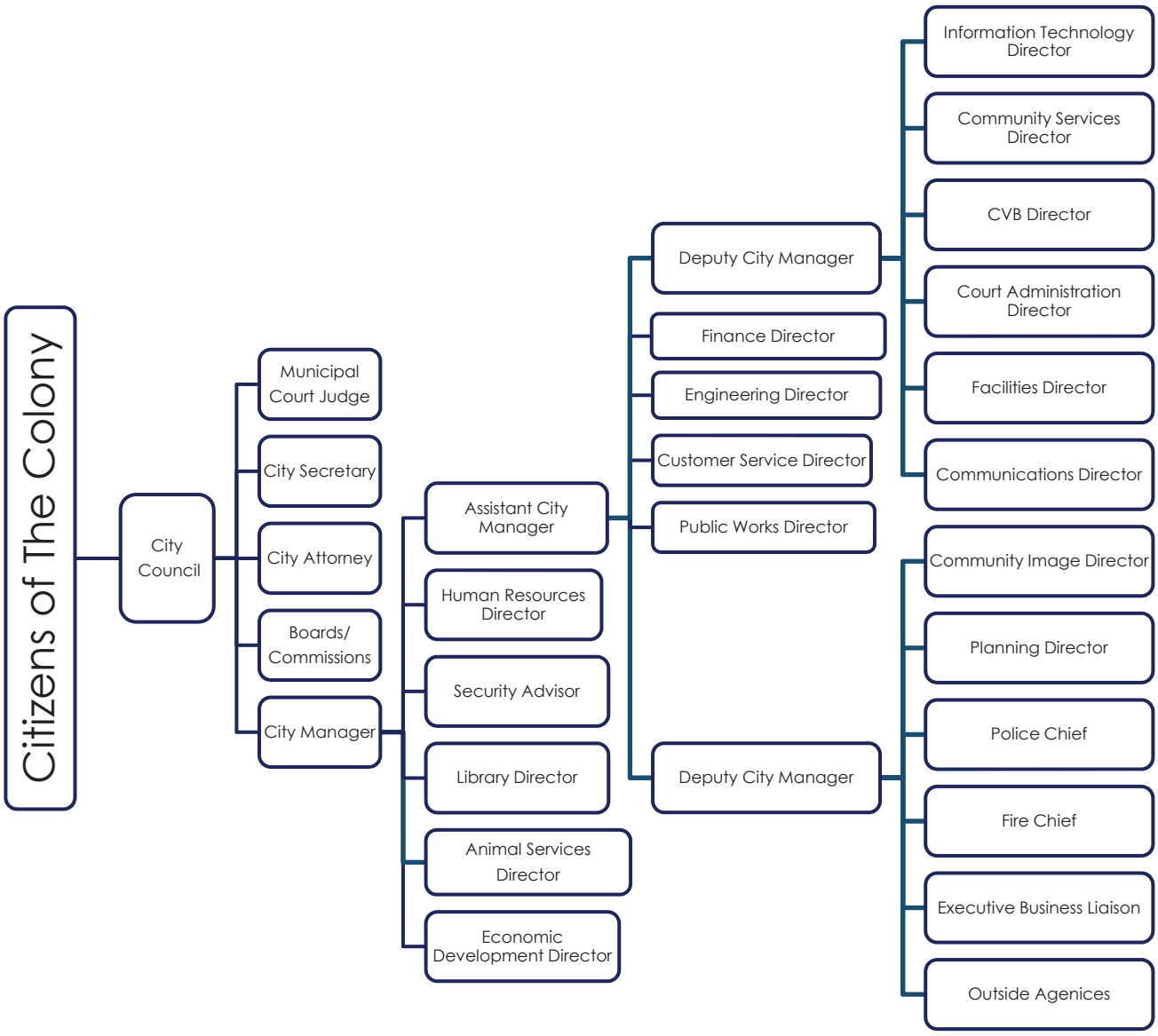
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrill

Executive Director/CEO

Staff Organization



City Staff

City Manager's Office	Troy Powell, City Manager
City Manager's Office	Tim Miller, Assistant City Manager
City Manager's Office	Joe Perez, Deputy City Manager
City Manager's Office	Brant Shallenburger, Deputy City Manager
City Secretary's Office	Tina Stewart, City Secretary
Information Technology	Chris Cuellar, Director
Human Resources	Rodney Wallican, Director
Finance	Latonjia Williams, Director
Public Services	James Whitt, Director
Engineering	Ron Hartline, Director
Fire	Scott Thompson, Chief
Police	Phillip Foxall, Chief
Municipal Court	Jacob Wetzel, Director
Parks and Recreation/ Community Development	Jackie Kopsa, Director of Community Services
Economic Development	Keri Samford, Director
Library	Megan Charters, Director
Utility Administration/ Customer Services	Molly Owczar, Director

FINANCIAL SECTION

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Mayor and
Members of the City Council
City of The Colony, Texas
The Colony, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of The Colony, Texas (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of The Colony, Texas, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Correction of Error

As discussed in Note 13 to the financial statements, certain errors resulting in an understatement of amounts previously reported for capital assets and long-term liabilities, and an overstatement of accounts payable and prepaid assets as of September 30, 2024 were discovered by management of the City during the current year. Accordingly, a restatement has been made to the fund balance of the Capital Projects Fund and the Water and Sewer Enterprise Fund, the aggregate discretely presented component units, governmental activities and business-type activities net position as of October 1, 2023 to correct the error. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System, Schedule of Employer Contributions – Texas Municipal Retirement System, Schedule of Changes in Total OPEB Liability and Related Ratios – Supplemental Death Benefits Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Abilene, Texas
March 12, 2025

CITY OF THE COLONY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The City of The Colony (the City) is providing this narrative overview and analysis of its financial activities for the fiscal year ended September 30, 2024. This Management's Discussion and Analysis (MD&A) provides additional information that was not contained in the Letter of Transmittal. Readers are advised to read both to gain understanding of the financial picture of the City. This discussion and analysis includes prior year data for comparison purposes.

Financial Highlights

- The City's total assets and deferred outflows of resources exceeded the City's total liabilities and deferred inflows of resources at the close of the fiscal year by $390,559,342. Of this amount $49,535,191 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by $13,912,363 which was primarily due to an increase of business-type activity operations.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $57,084,818, a decrease of $18,074,993. The general fund reported a decrease in fund balance of $4,126,524. The capital projects fund had a decrease in fund balance of $19,428,302 primarily due to an increase in capital outlay. Out of the $57,084,818 of fund balances in the governmental funds, $35,930,912 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was $35,930,912 or 67% total general fund expenditures.
- During the current fiscal year, the City determined that reported amounts in the prior fiscal year financial statements were not accurate, resulting in a restatement of the beginning fund balance of the Capital Projects Fund and the Water and Sewer Enterprise Fund, component units, governmental activities and business-type activities net position. The City identified certain accounts payable that had been recorded for a number of years without clearing. Accordingly, accounts payable was overstated by $136,798 in the Capital Projects Fund. Additionally, the City identified discrepancies between its fixed asset subledger and the financial statements, including a financed purchase that had been entered into the 2023 fiscal year that was not recorded. Accordingly, governmental activities capital assets was understated by $9,565,179, business-type activities capital assets were understated by $22,983, and governmental activities long-term obligations were understated by $6,240,484. Lastly, the City identified that prepaid insurance recorded upon issuance of the 2013 revenue bonds at TCLDC had not been been amortized. Accordingly, prepaid assets was overstated by $926,361. For additional information, see Note 13 of the Notes to the Financial Statements section of the Basic Financial Statements section of this report.

Overview of the Financial Statements

The MD&A serves as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

The report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as incurred regardless of when cash is received or paid. Thus, revenues and expenses are reported on accrual basis even though cash flows occur in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business- type activities). The governmental activities of the City include general government, public safety, streets, sanitation, and culture and recreation. The business-type activities of the City include water and sewerage operation.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation, legally separate community development corporation, and a legally separate local development corporation, for which the City of The Colony is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- □ Governmental Activities – Most of the City's basic services are reported as governmental activities, including the general government, public safety, municipal court, public works, culture and recreation, planning and zoning, public improvements, and code enforcement. Taxes and intergovernmental revenues principally support these services.
- □ Business-type Activities – Functions that are intended to recover all or a significant portion of their costs through user fees and charges are considered business-type activities. The business-type activities of the City include Water and Sewer Utility.
- □ Component Units – The City includes three separate legal entities, The Colony Economic Development Corporation, The Colony Community Development Corporation, and The Colony Local Development Corporation in its report. Although they are legally separate, they are included as component units because the City is accountable for them. Financial information for these component units is reported separately from the financial information presented for the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the City can be divided into two categories:

1. Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financingrequirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmentalactivities.

The City maintains 18 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, the Capital Projects Fund, and the Pandemic Response Fund all of which are considered to be major funds. Non-major governmental funds are aggregated in total.

The City adopts annual appropriated budgets for its General Fund, Debt Service Fund, Lake Parks Fund, Special Events Fund, Hotel/Motel Taxes Fund, Child Safety Fund, and Storm Water Utility Fund. The budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

2. Proprietary funds – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water and sewer utility fund is considered to be a major fund of the City.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. This MD&A is part of the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of the close of the current fiscal year, the City's net position totaled $390,559,342.

The largest portion of the City's net position (82.1%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot generate revenues to liquidate these liabilities.

An additional portion of the City's net position (5.2%) represents resources that are subject to external restrictions on how they may be used (primarily for debt service and infrastructure improvements). The remaining balance of net position ($49,535,191) may be used to meet the government's ongoing obligations to citizens and creditors.

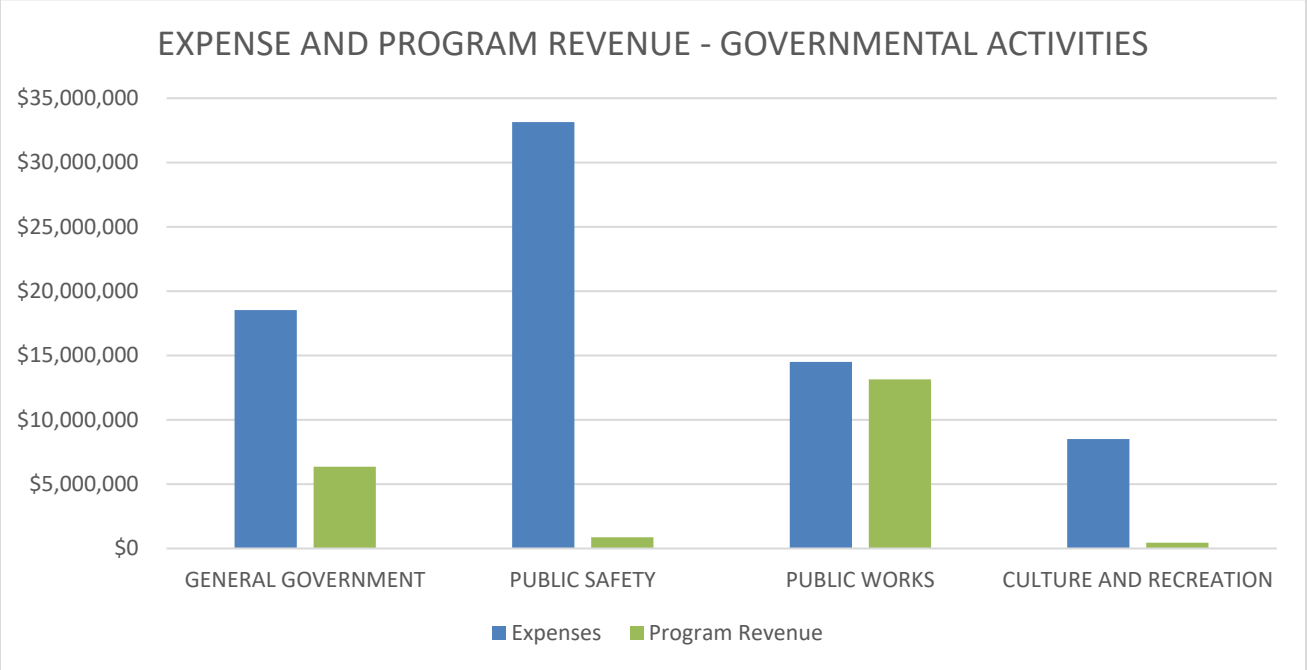
	Governmental Activities		Business-Type Activities		Total	
	2024	2023 (as restated)	2024	2023 (as restated)	2024	2023 (as restated)
ASSETS						
Current and other assets	$ 82,467,371	$ 100,624,146	$ 33,942,522	$ 27,492,389	$ 116,409,893	$ 128,116,535
Capital assets	282,712,180	260,765,814	155,447,395	155,503,783	438,159,575	416,269,597
Total assets	365,179,551	361,389,960	189,389,917	182,996,172	554,569,468	544,386,132
Deferred outflows of resources						
Deferred charge on refunding	80,058	124,043	162,437	280,149	242,495	404,192
Deferred outflows - pension	6,847,677	10,501,653	1,099,750	1,399,586	7,947,427	11,901,239
Deferred outflows - OPEB	175,229	233,950	28,143	31,902	203,372	265,852
Total deferred outflows of resources	7,102,964	10,859,646	1,290,330	1,711,637	8,393,294	12,571,283
LIABILITIES						
Long-term liabilities	86,499,066	91,087,568	57,332,045	63,777,422	143,831,111	154,864,990
Other liabilities	19,755,844	19,841,491	2,705,141	2,903,526	22,460,985	22,745,017
Total liabilities	106,254,910	110,929,059	60,037,186	66,680,948	166,292,096	177,610,007
Deferred inflows of resources						
Deferred inflows - lease related	5,432,587	5,676,579	-	-	5,432,587	5,676,579
Deferred inflows - pension	236,607	-	37,999	-	274,606	-
Deferred inflows - OPEB	348,209	447,327	55,922	60,999	404,131	508,326
Total deferred inflows of resources	6,017,403	6,123,906	93,921	60,999	6,111,324	6,184,905
NET POSITION						
Net investment in capital assets	211,834,115	205,888,249	108,929,168	105,513,597	320,763,283	311,401,846
Restricted	17,695,407	23,818,322	2,565,461	952,104	20,260,868	24,770,426
Unrestricted	30,480,680	28,951,563	19,054,511	11,523,144	49,535,191	40,474,707
Total net position	$ 260,010,202	$ 258,658,134	$ 130,549,140	$ 117,988,845	$ 390,559,342	$ 376,646,979

At the end of the current fiscal year, the City has positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

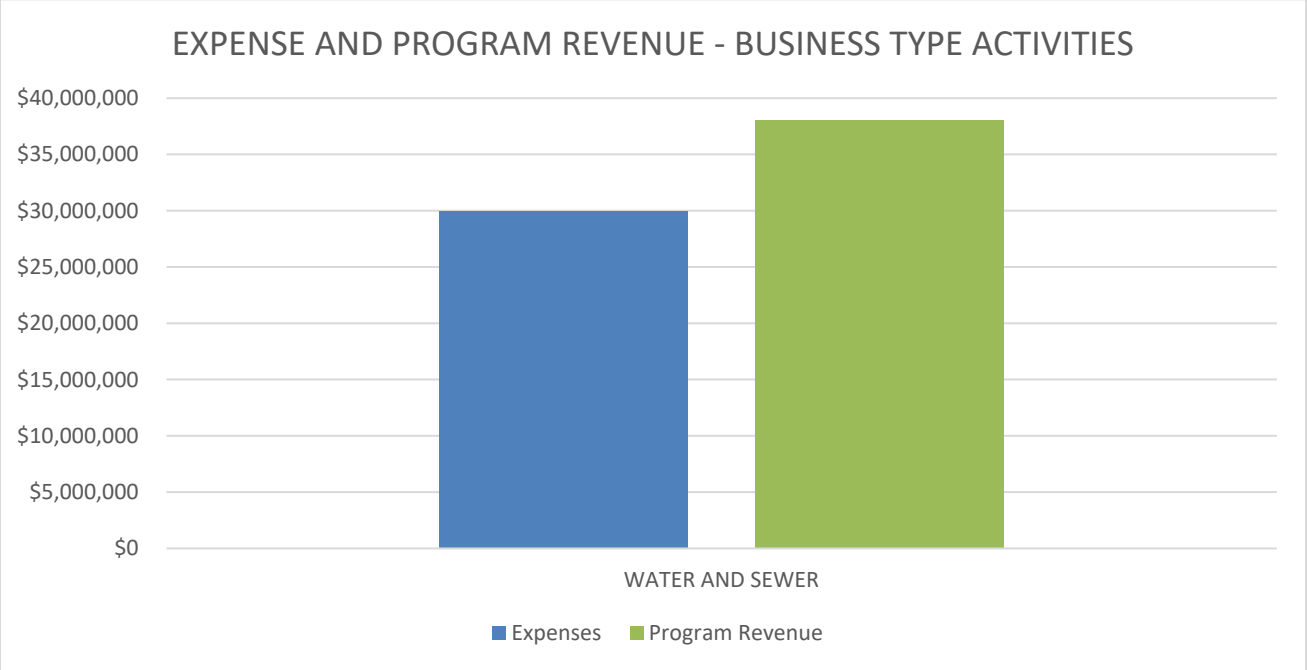
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES		(as restated)		(as restated)		(as restated)
Program revenues						
Charges for services	$ 8,219,593	8,474,524	$ 29,399,479	27,426,435	$ 37,619,072	$ 35,900,959
Operating grants and contributions	745,364	894,411	-	-	745,364	894,411
Capital grants and contributions	11,841,212	14,545,732	6,954,214	1,025,239	18,795,426	15,570,971
General revenues						
Property taxes	34,615,211	38,027,152	-	-	34,615,211	38,027,152
Sales taxes	9,990,559	11,812,142	-	-	9,990,559	11,812,142
Franchise taxes	5,159,631	2,911,718	-	-	5,159,631	2,911,718
Hotel occupancy tax	2,538,159	2,356,975	-	-	2,538,159	2,356,975
Vehicle tax	925,917	-	-		925,917	-
Investment income	4,504,997	4,202,359	1,740,533	1,183,203	6,245,530	5,385,562
Other income	3,356,911	5,819,039	-	306,118	3,356,911	6,125,157
Total revenues	81,897,554	89,044,052	38,094,226	29,940,995	119,991,780	118,985,047
EXPENSES						
General government	18,523,136	14,176,393	-	-	18,523,136	14,176,393
Public safety	33,148,673	31,659,259	-	-	33,148,673	31,659,259
Public works	14,521,855	11,679,662	-	-	14,521,855	11,679,662
Culture and recreation	8,504,034	7,786,848	-	-	8,504,034	7,786,848
Interest on long-term debt	1,447,788	1,733,621	-	-	1,447,788	1,733,621
Water and sewer	-	-	29,933,931	27,072,765	29,933,931	27,072,765
Total expenses	76,145,486	67,035,783	29,933,931	27,072,765	106,079,417	94,108,548
Increase in net position before transfers	5,752,068	22,008,269	8,160,295	2,868,230	13,912,363	24,876,499
Net transfers	(4,400,000)	(100,000)	4,400,000	100,000	-	-
Change in net position	1,352,068	21,908,269	12,560,295	2,968,230	13,912,363	24,876,499
Net position, beginning, as previously reported	255,196,641	234,333,051	117,965,862	114,997,632	373,162,503	349,330,683
Prior period adjustment	3,461,493	2,416,814	22,983	22,983	3,484,476	2,439,797
Net position, beginning, as restated	258,658,134	236,749,865	117,988,845	115,020,615	376,646,979	351,770,480
Net position, ending	$ 260,010,202	$ 258,658,134	$ 130,549,140	$ 117,988,845	$ 390,559,342	$ 376,646,979

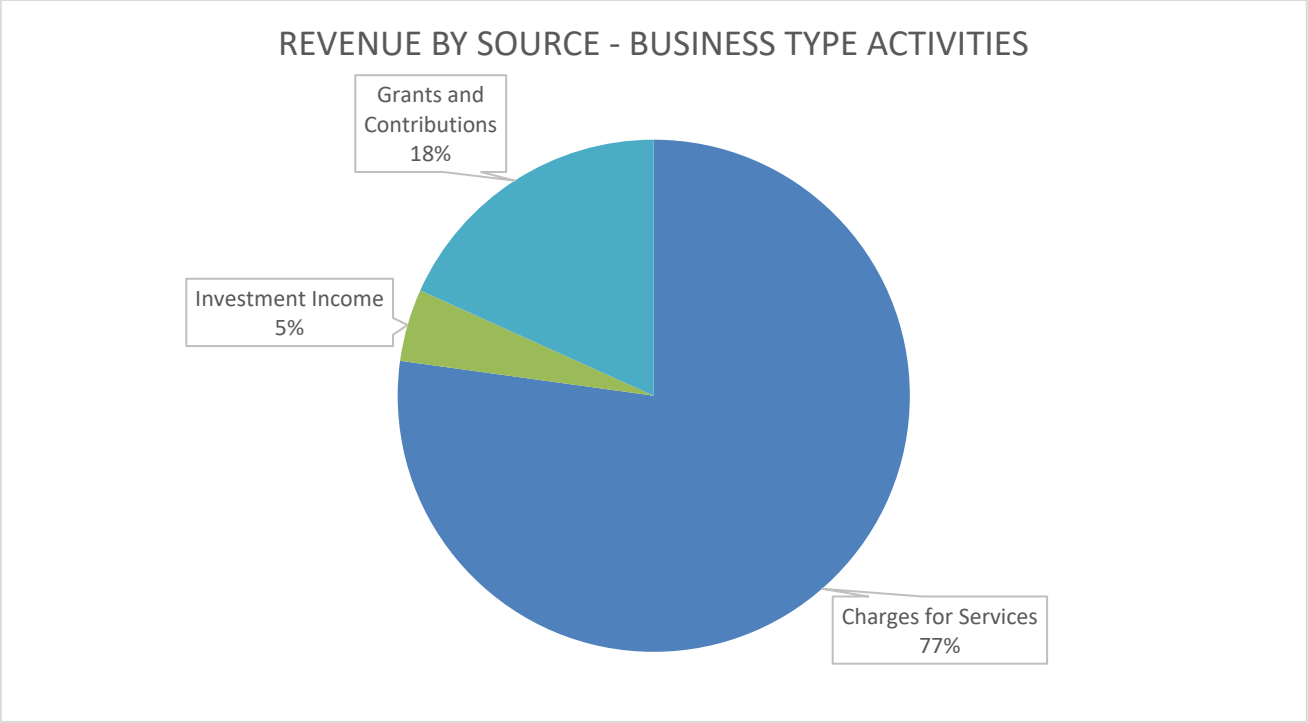
The City's net position increased by $13,912,363. Total assets increased by $10,183,336. Capital assets increased by $21,889,978, while current and other assets decreased by $11,706,642.

Governmental Activities - Governmental activities increased the City's net position by $1,352,068 compared to prior year primarily due to investment income being greater than budgeted.



Business-type Activities - Business-type activities increased the City's net position by $12,560,295. The overall increase in net position is primarily due to operating revenues.





Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance- related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $57,084,818 a decrease of $18,074,993 in comparison with the prior year. Approximately 62.9% of this total amount ($35,930,912) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it has already been committed, restricted, or is nonspendable for:

Nonspendable fund balance consisted of $339,064 for inventories and prepaid items.

Restricted fund balance consisted of $920,680 for TIRZ, $72 restricted for Pandemic Response, $7,124,759 restricted for debt service, $809,584 restricted for capital projects, $3,868,961 restricted for hotel/motel taxes, $26,787 restricted for police forfeited fund, $12,935 restricted for federal seized fund, $97,499 restricted for child safety fund, $3,464,731 restricted for storm water utility, $337,732 restricted for court security, $35,593 restricted for court technology, $10,894 restricted for citizens donations, $855,250 restricted for PID No. 1, $157,590 restricted for Trinity North Medical, and $218,118 restricted for juvenile case.

Committed balance consisted of $2,759,290 committed for Lake Parks, $100,441 committed for special events, and $13,926 committed for Keep the Colony Beautiful.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $35,930,912. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 67.11% of total general fund expenditures (excluding transfers to other funds).

The fund balance of the City's General Fund decreased by $4,126,524 during the current fiscal year due to an excess of expenditures over revenue.

The Debt Service Fund has a total fund balance of $7,124,759, all of which is restricted for the payment of debt service. The increase in fund balance during the current year in the Debt Service Fund was $1,530,933. The City has a dedicated property tax for general debt service. The property tax produced debt service fund revenues of $8,689,061, in the current fiscal year while debt service payments for principal and interest on debt were $7,158,128.

The Capital Projects Fund has a total fund balance of $809,584, with the fund balance restricted for future expenditures of currently-approved capital items. The $19,428,302 decrease in fund balance during the year was attributable an increase in capital outlay.

The Pandemic Response Fund has a total fund balance of $72, which is restricted grant funding. There was no change in the fund balance during the year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail. Operating revenues in the water and sewer fund totaled $29,399,479, an increase of $1,973,044 from the prior year due to an increase in water consumption. Operating expenses totaled $28,070,602, an increase of $3,072,298 driven by an increase in maintenance costs.

General Fund Budgetary Highlights

During the year, there was a slight increase in appropriations of $605,929 between the original and final budget. Overall, revenues had a $1,862,947 positive variance primarily due to receiving more investment income due to the effects of higher interest rates during fiscal year. There was an unfavorable variance of $163,633 between final budget and actual expenditures which was primarily due to budget overages in capital outlay.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to $438,159,575 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and system, water and sewer system infrastructure improvements, machinery and equipment, park facilities, roads and right of use assets. The City's total depreciation/amortization expense for its governmental activities amounts to $14,535,687 and business-type activities $7,169,354.

Capital Assets
(Net of Depreciation and Amortization)

	2024	2023 (as restated)	2024	2023 (as restated)	2024	2023 (as restated)
Land	$ 7,999,486	$ 7,995,486	$ 3,273,473	$ 3,273,473	$ 11,272,959	$ 11,268,959
Rights-of-way	25,571,036	25,571,036	-	-	25,571,036	25,571,036
Construction in progress	34,465,849	17,894,691	5,937,663	3,665,293	40,403,512	21,559,984
Buildings	30,420,494	31,729,151	12,119,669	12,400,153	42,540,163	44,129,304
Improvements other than buildings	10,243,341	10,483,558	-	-	10,243,341	10,483,558
Swimming pool	411,130	475,701	-	-	411,130	475,701
Water system	-	-	61,180,214	61,741,216	61,180,214	61,741,216
Sanitary system	-	-	64,912,344	65,961,819	64,912,344	65,961,819
Drainage system	-	-	25,696	67,805	25,696	67,805
Machinery and equipment	7,861,887	7,565,959	1,725,410	1,580,369	9,587,297	9,146,328
Infrastructure	164,620,580	167,497,296	6,272,926	6,758,518	170,893,506	174,255,814
Right to use leased assets	905,953	852,827	-	-	905,953	852,827
Right to use SBITA assets	212,424	265,288	-	-	212,424	265,288
	$ 282,712,180	$ 270,330,993	$ 155,447,395	$ 155,448,646	$ 438,159,575	$ 425,779,639

Additional information on the City's capital assets can be found in note 6 to the financial statements.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $106,420,000. The entire amount represents debt backed by the full faith and credit of the City. The City also had leases payable of $828,236, subscription payables of $209,568, and financed purchase liabilities of $5,574,372 at fiscal year-end.

Additional information on the City's long-term debt can be found in the note 6 to the financial statements.

The City's general and revenue obligations maintain an AA+ rating, respectively from Standard & Poor's and an Aa2 rating respectively from Moody's Investors Service. The high rating speaks well of the City's proactive approach to economic development and financial management.

The revenue supported debt in the Water and Sewer Fund is limited to the net revenues equal to at least 1.10 times the maximum annual principal and interest requirements and 1.25 times the average annual principal and interest requirements of all parity bonds to be outstanding.

Economic Factors and Next Year's Budgets and Rates

- Total current Ad Valorem Taxes budget for fiscal year 2024-2025 are approximately $46 million which is a 3% increase from the prior year.
- Total sales tax is projected to remain strong due to continued economic growth from commercial Construction.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, The City of The Colony, 6053 Main Street, The Colony, Texas 75056.

	Primary Government			
	Governmental Activitites	Business-Type Activities	Total	Component Units
Assets				
Cash and investments	$ 70,170,468	$ 18,835,972	$ 89,006,440	$ 38,343,929
Receivables (net of allowance)	11,957,839	3,385,542	15,343,381	3,953,114
Inventories	171,965	77,016	248,981	-
Prepaid items	167,099	1,236	168,335	2,534,231
Restricted:				
Cash and investments	-	11,642,756	11,642,756	28,857,772
Capital assets:				
Non-depreciable	68,036,371	9,211,136	77,247,507	29,414,783
Depreciable (net)	213,557,432	146,236,259	359,793,691	148,924
Right-to-use assets (net)	1,118,377	-	1,118,377	-
Total assets	365,179,551	189,389,917	554,569,468	103,252,753
Deferred Outflows of Resources				
Deferred charge on refunding	80,058	162,437	242,495	304,308
Deferred outflows - pension	6,847,677	1,099,750	7,947,427	108,265
Deferred outflows - OPEB	175,229	28,143	203,372	2,770
Total deferred outflows of resources	7,102,964	1,290,330	8,393,294	415,343
Liabilities				
Accounts payable	6,094,895	1,135,058	7,229,953	45,646
Accrued liabilities	586,212	-	586,212	2,418,317
Accrued interest payable	281,833	-	281,833	5,158,288
Retainage payable	438,684	-	438,684	-
Customer meter deposits	-	-	-	-
Other liabilities	2,216,324	-	2,216,324	-
Unearned revenues	10,137,896	-	10,137,896	-
Payable from restricted assets:				
Accounts payable and accrued liabilities	-	444,006	444,006	-
Accrued interest payable	-	253,413	253,413	-
Customer meter deposits	-	872,664	872,664	-
Noncurrent liabilities				
Due within one year	9,964,863	5,124,909	15,089,772	4,951,612
Due in more than one year	76,534,203	52,207,136	128,741,339	183,585,192
Total liabilities	106,254,910	60,037,186	166,292,096	196,159,055
Deferred Inflows of Resources				
Deferred inflows - lease related	5,432,587	-	5,432,587	-
Deferred inflows - pension	236,607	37,999	274,606	3,741
Deferred inflows - OPEB	348,209	55,922	404,131	5,505
Total deferred inflows of resources	6,017,403	93,921	6,111,324	9,246
Net Position				
Net investment in capital assets	211,834,115	108,929,168	320,763,283	(477,413)
Restricted for capital projects	809,584	2,565,461	3,375,045	-
Restricted for specific programs	10,006,842	-	10,006,842	-
Restricted for debt service	6,878,981	-	6,878,981	-
Unrestricted	30,480,680	19,054,511	49,535,191	(92,022,792)
Total net position	$ 260,010,202	$ 130,549,140	$ 390,559,342	$ (92,500,205)

The accompanying notes are an integral part of these financial statements.

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	$ 18,523,136	$ 3,558,535	$ 745,364	$ 2,042,307
Public safety	33,148,673	866,841	-	-
Public works	14,521,855	3,350,243	-	9,798,905
Culture and recreation	8,504,034	443,974	-	-
Interest on long-term debt	1,447,788	-	-	-
Total governmental activities	76,145,486	8,219,593	745,364	11,841,212
Business-type activities				
Water and sewer	29,933,931	29,399,479	-	6,954,214
Total business-type activities	29,933,931	29,399,479	-	6,954,214
Total primary government	106,079,417	37,619,072	745,364	18,795,426
Component units				
The Colony Economic Development Corporation	6,697,934	-	-	-
The Colony Community Development Corporation	8,895,437	-	-	-
The Colony Local Development Corporation	6,531,254	-	1,522,060	-
Total component units	$ 22,124,625	$ -	$ 1,522,060	$ -
General Revenues				
Taxes				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel occupancy tax				
Vehicle tax				
Investment income (loss)				
Other income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning, as previously reported				
Prior period adjustment (Note 13)				
Net position, beginning, as restated				
Net position, ending				

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (12,176,930)	$ -	$ (12,176,930)	
(32,281,832)	-	(32,281,832)	
(1,372,707)	-	(1,372,707)	
(8,060,060)	-	(8,060,060)	
(1,447,788)	-	(1,447,788)	
(55,339,317)	-	(55,339,317)	
-	6,419,762	6,419,762	
-	6,419,762	6,419,762	
(55,339,317)	6,419,762	(48,919,555)	
			(6,697,934)
			(8,895,437)
			(5,009,194)
			(20,602,565)
34,615,211	-	34,615,211	-
9,990,559	-	9,990,559	29,283,853
5,159,631	-	5,159,631	-
2,538,159	-	2,538,159	-
925,917	-	925,917	-
4,504,997	1,740,533	6,245,530	2,496,707
3,356,911	-	3,356,911	1,760
(4,400,000)	4,400,000	-	-
56,691,385	6,140,533	62,831,918	31,782,320
1,352,068	12,560,295	13,912,363	11,179,755
255,196,641	117,965,862	373,162,503	(102,753,599)
3,461,493	22,983	3,484,476	(926,361)
258,658,134	117,988,845	376,646,979	(103,679,960)
$ 260,010,202	$ 130,549,140	$ 390,559,342	$ (92,500,205)

The accompanying notes are an integral part of these financial statements.

	General	Pandemic Response	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	$ 36,183,397	$ 10,137,968	$ 7,116,481	$ 4,763,946	$ 11,968,676	$ 70,170,468
Receivables (net of allowance)						
Property taxes	412,931	-	44,787	-	-	457,718
Sales taxes	3,953,114	-	-	-	-	3,953,114
Hotel/motel taxes	-	-	-	-	263,000	263,000
Franchise taxes	461,814	-	-	-	-	461,814
Service accounts	285,034	-	-	-	-	285,034
Leases	4,180,934	-	-	-	1,476,339	5,657,273
Miscellaneous	799,826	-	-	-	80,060	879,886
Due from other funds	13,102	-	-	-	-	13,102
Inventories	171,965	-	-	-	-	171,965
Prepaid items	166,283	-	-	-	816	167,099
Total assets	$ 46,628,400	$ 10,137,968	$ 7,161,268	$ 4,763,946	$ 13,788,891	$ 82,480,473
Liabilities						
Accounts payable	$ 2,189,155	$ -	$ 454	$ 3,515,678	$ 389,608	$ 6,094,895
Accrued salaries	577,230	-	-	-	8,982	586,212
Retainage payable	-	-	-	438,684	-	438,684
Other liabilities	2,198,377	-	-	-	17,947	2,216,324
Due to other funds	-	-	-	-	13,102	13,102
Unearned revenue	-	10,137,896	-	-	-	10,137,896
Total liabilities	4,964,762	10,137,896	454	3,954,362	429,639	19,487,113
Deferred Inflows of Resources						
Leases	4,033,898	-	-	-	1,398,689	5,432,587
Unavailable property taxes	377,152	-	36,055	-	-	413,207
Unavailable revenue	62,748	-	-	-	-	62,748
Total deferred inflows of resources	4,473,798	-	36,055	-	1,398,689	5,908,542
Fund Balances						
Nonspendable	338,248	-	-	-	816	339,064
Restricted	920,680	72	7,124,759	809,584	9,086,090	17,941,185
Committed	-	-	-	-	2,873,657	2,873,657
Unassigned	35,930,912	-	-	-	-	35,930,912
Total fund balances	37,189,840	72	7,124,759	809,584	11,960,563	57,084,818
Total liabilites, deferred inflows of resources, and fund balances	$ 46,628,400	$ 10,137,968	$ 7,161,268	$ 4,763,946	$ 13,788,891	$ 82,480,473

Total Fund Balances - Governmental Funds	$ 57,084,818
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	282,712,180
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. As a result, these liabilities decrease net position:	
Leases payable	(828,236)
SBITAs payable	(209,568)
Bonds payable	(55,956,660)
Financed purchases payable	(5,574,372)
Unamortized premium on issuance of debt	(4,434,925)
Accrued compensated absences	(4,623,411)
Deferred charge on bond refunding is not included in the governmental funds but is deferred and amortized in the government wide statements.	80,058
Payables for bond interest which are not due in the current period are not reported in the fund financial statements but are included in the statement of net position. This results in a decrease in net position.	(281,833)
Included in liabilities is the recognition of the City's net pension liability in the amount of $13,999,708, a deferred inflow of resources of $236,607 and a deferred outflow of resources of $6,847,677. This results in a decrease in net position.	(7,388,638)
Included in liabilities is the recognition of the City's total OPEB liability in the amount of $872,186, a deferred inflow of resources of $348,209, and a deferred outflow of resources of $175,229. This results in a decrease in net position.	(1,045,166)
Other adjustments are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. Net property taxes receivable of $413,207 and net fines, fees and court costs receivable of $62,748 were unavailable to pay for the current period expenditures and are deferred inflows in the governmental funds but are recognized as revenue in the government wide statements. This results in an increase in net position.	475,955
Net Position of Governmental Activities	$ 260,010,202

	General	Pandemic Response	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
Property	$ 26,525,113	$ -	$ 8,053,759	$ -	$ -	$ 34,578,872
Sales	9,990,559	-	-	-	-	9,990,559
Mixed beverage tax	925,917	-	-	-	-	925,917
Hotel occupancy tax	-	-	-	-	2,538,159	2,538,159
Franchise	5,159,631	-	-	-	-	5,159,631
Licenses and permits	1,909,454	-	-	62,965	1,759,050	3,731,469
Fines and forfeitures	826,086	-	-	-	82,565	908,651
Charges for services	2,162,854	-	-	-	1,337,421	3,500,275
Gifts and contributions	-	-	-	58,013	247	58,260
Intergovernmental	745,364	-	-	4,510,823	-	5,256,187
Grants	694,343	894,976	-	400,000	52,988	2,042,307
Investment income	3,725,189	-	635,302	-	144,506	4,504,997
Miscellaneous income	1,931,515	-	-	777,469	647,927	3,356,911
Total revenues	54,596,025	894,976	8,689,061	5,809,270	6,562,863	76,552,195
Expenditures						
Current						
General government	11,053,749	-	-	-	1,135,080	12,188,829
Culture and recreation	5,142,564	-	-	-	2,320,547	7,463,111
Public works	4,347,408	-	-	8,168,415	8,923	12,524,746
Public safety	31,710,033	-	-	-	127,973	31,838,006
Capital outlay	780,639	894,976	-	16,340,641	48,698	18,064,954
Debt service						
Principal	470,149	-	4,792,498	666,111	16,177	5,944,935
Interest	32,545	-	2,365,630	62,405	565	2,461,145
Total expenditures	53,537,087	894,976	7,158,128	25,237,572	3,657,963	90,485,726
Excess (Deficiency) of Revenues over (under) Expenditures	1,058,938	-	1,530,933	(19,428,302)	2,904,900	(13,933,531)
Other Financing Sources (Uses)						
Lease proceeds	205,487	-	-	-	-	205,487
Subscription IT proceeds	53,051	-	-	-	-	53,051
Transfers out	(5,444,000)	-	-	-	(410,000)	(5,854,000)
Transfers in	-	-	-	-	1,454,000	1,454,000
Total other financing sources (uses)	(5,185,462)	-	-	-	1,044,000	(4,141,462)
Net Change in Fund Balance	(4,126,524)	-	1,530,933	(19,428,302)	3,948,900	(18,074,993)
Fund balance, beginning, as previously reported	41,316,364	72	5,593,826	20,101,088	8,011,663	75,023,013
Prior period adjustment (Note 13)	-	-	-	136,798	-	136,798
Fund balance, beginning, as restated	41,316,364	72	5,593,826	20,237,886	8,011,663	75,159,811
Fund balance, ending	$ 37,189,840	$ 72	$ 7,124,759	$ 809,584	$ 11,960,563	$ 57,084,818

Net Change in Fund Balances - Total Governmental Funds		$ (18,074,993)
Amounts reported for governmental activities in the statement of activities are different because:		
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements.		21,634,154
Developer contributions increase capital assets in the government-wide financial statements.		5,288,082
The net book value of capital assets disposed reduces net position.		(5,362)
Depreciation and amortization are not recognized as an expenditure in governmental funds since it does not require the use of current financial resources.		(14,535,687)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Issuance of leases	(205,487)	
Issuance of SBITAs	(53,051)	
Bond principal repayments	4,684,237	
Lease principal repayment	237,054	
SBITA principal repayment	117,340	
Notes payable principal repayment	906,304	
Amortization of bond premium	1,003,560	
Amortization of deferred gain on bond refunding	(43,985)	
		6,645,972
Changes in long-term liabilities for compensated absences are not reported in the governmental funds but are included in the statement of activities.		52,569
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The current year change in the interest accrual is a decrease in net position.		53,782
Certain pension expenditures that are recorded in the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase in the amount of $279,372. The City's unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's pension expense must be recognized. These cause the change in net position to decrease in the amount of $19,614.		259,758
Certain OPEB expenditures that are recorded in the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to decrease in the amount of $38,842. The City's unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's OPEB expense must be recognized. These cause the change in net position to increase in the amount of $15,358.		(23,484)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows of resources as revenue, adjusting current year revenue to include the revenue earned from current year's tax levy, and eliminating interfund transactions. These adjustments result in an increase in net position.		57,277
Change in Net Position of Governmental Activities		$ 1,352,068

	Business-Type Activities
	Water and Sewer Enterprise Fund
Assets	
Current assets	
Cash and investments	$ 18,835,972
Receivables (net of allowance)	
Accounts	3,371,941
Miscellaneous	13,601
Inventories	77,016
Prepaid items	1,236
Restricted cash and investments	11,642,756
Total current assets	33,942,522
Noncurrent assets	
Capital assets	
Land	3,273,473
Water system and sanitary sewer system	197,449,044
Drainage system	1,684,364
Buildings	13,221,303
Machinery and equipment	6,059,771
Infrastructure	16,615,671
Construction in progress	5,937,663
Less accumulated depreciation	(88,793,894)
Total capital assets, net	155,447,395
Total assets	189,389,917
Deferred Outflows of Resources	
Deferred charge on refunding	162,437
Deferred outflows - pension	1,099,750
Deferred outflows - OPEB liability	28,143
Total deferred outflows of resources	1,290,330

Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	1,135,058
Accrued compensated absences due within one year	484,038
Current portion of total OPEB liability	3,662
Payable from restricted assets:	
Accounts payable and accrued liabilities	444,006
Revenue bonds payable	4,637,209
Accrued interest payable	253,413
Customer meter deposits	872,664
Total current liabilities	7,830,050
Noncurrent liabilities	
Revenue bonds payable	49,816,735
Accrued compensated absences not due within one year	5,610
Net pension liability	2,248,378
Total OPEB liability	136,413
Total noncurrent liabilities	52,207,136
Total liabilities	60,037,186
Deferred Inflows of Resources	
Deferred inflows - pension	37,999
Deferred inflows - OPEB	55,922
Total deferred inflows of resources	93,921
Net Position	
Net investment in capital assets	108,929,168
Restricted for construction	2,565,461
Unrestricted	19,054,511
Total net position	$ 130,549,140

	Business-Type Activities
	Water and Sewer Enterprise Fund
Operating Revenues	
Charges for sales and services:	
Water service	17,685,449
Wastewater treatment service	9,294,773
Other fees and penalties	1,351,080
Service charges	977,119
Miscellaneous	91,058
Total Operating Revenues	29,399,479
Operating Expenses	
Personnel services	7,464,617
Contractual services	2,505,494
Supplies	3,772,318
Maintenance	2,667,347
Water purchases	42,842
Overhead	4,448,630
Depreciation	7,169,354
Total Operating Expenses	28,070,602
Operating Income	1,328,877
Nonoperating Revenues (Expenses)	
Investment income	1,740,533
Interest and fiscal charges	(1,863,329)
Total Nonoperating (Expenses) Revenues	(122,796)
Income Before Contributions and Transfers	1,206,081
Contributions and Transfers	
Capital contributions	3,925,581
Development fees	3,028,633
Transfers in	4,400,000
Total Contributions and Transfers	11,354,214
Change in net position	12,560,295
Net position, beginning, as previously reported	117,965,862
Prior period adjustment (Note 13)	22,983
Net position, beginning, as restated	117,988,845
Net position, ending	$ 130,549,140

	Business-Type Activities
	Water and Sewer Enterprise Fund
Cash Flows from Operating Activities	
Receipts from customers	$ 29,564,032
Payments to or on behalf of employees	(7,267,930)
Payments to suppliers	(13,501,361)
Net Cash Provided by Operating Activities	8,794,741
Cash Flows from Noncapital Financing Activities	
Transfers in	4,400,000
Net Cash Used by Noncapital Financing Activities	4,400,000
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(3,164,402)
Principal paid on bonds	(5,935,763)
Interest paid on bonds	(2,186,796)
Development fees	3,028,633
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,258,328)
Cash Flows from Investing Activities	
Interest received	1,740,533
Net Cash (Used) Provided by Investing Activities	1,740,533
Net Change in Cash and Cash Equivalents	6,676,946
Cash and Cash Equivalents, Beginning	23,801,782
Cash and Cash Equivalents, Ending	$ 30,478,728

	Activities Water and Sewer Enterprise Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	$ 1,328,877
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	7,169,354
(Increase) decrease in accounts receivable	222,873
(Increase) decrease in inventories	3,940
(Increase) decrease in prepaid items	-
Increase (decrease) in accounts payable	435,989
Increase (decrease) in customer deposits	(58,320)
Increase (decrease) in accrued liabilities	(307,972)
Net Cash Provided by Operating Activities	$ 8,794,741
Noncash Investing and Financing Activities	
Infrastructure contributed by developers	$ 3,925,581

	The Colony Economic Development Corporation	The Colony Community Development Corporation	The Colony Local Development Corporation	Total Discretely Presented Component Units
Assets				
Cash and investments	$ 21,792,414	$ 9,261,083	$ 7,290,432	$ 38,343,929
Receivables (net of allowance)				
Sales taxes	1,976,557	1,976,557	-	3,953,114
Prepaid items	-	-	2,534,231	2,534,231
Restricted cash and investments	8,560,464	8,560,290	11,737,018	28,857,772
Capital assets				
Non-depreciable	7,092,872	-	22,321,911	29,414,783
Depreciable (net)	148,924	-	-	148,924
Total assets	39,571,231	19,797,930	43,883,592	103,252,753
Deferred Outflows of Resources				
Deferred outflows - pension	81,491	26,774	-	108,265
Deferred outflows - OPEB	2,085	685	-	2,770
Deferred charge on refunding	-	-	304,308	304,308
Total deferred outflows of resources	83,576	27,459	304,308	415,343
Liabilities				
Accounts payable	29,005	16,641	-	45,646
Accrued liabilities	1,210,478	1,197,839	10,000	2,418,317
Accrued interest payable	996,222	977,138	3,184,928	5,158,288
Non-current liabilities				
Due within one year	1,051,612	530,000	3,370,000	4,951,612
Due in more than one year	29,041,718	25,266,120	129,042,224	183,350,062
Net pension liability	166,604	54,737	-	221,341
Total OPEB liability	10,379	3,410	-	13,789
Total liabilities	32,506,018	28,045,885	135,607,152	196,159,055
Deferred Inflows of Resources				
Deferred inflows - pension	2,816	925	-	3,741
Deferred inflows - OPEB	4,144	1,361	-	5,505
Total deferred inflows of resources	6,960	2,286	-	9,246
Net Position				
Net investment in capital assets	(22,799,324)	-	22,321,911	(477,413)
Unrestricted	29,941,153	(8,222,782)	(113,741,163)	(92,022,792)
Total net position	$ 7,141,829	$ (8,222,782)	$ (91,419,252)	$ (92,500,205)

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions
Component Units				
The Colony Economic Development Corporation	$ 6,697,934	$ -	$ -	$ -
The Colony Community Development Corporation	8,895,437	-	-	-
The Colony Local Development Corporation	6,531,254	-	1,522,060	-
Total Component Units	22,124,625	-	1,522,060	-
General Revenues				
Taxes				
Sales taxes				
Investment income				
Other income				
Total general revenues				
Change in net position				
Net position, beginning, as previously reported				
Prior period adjustment (Note 13)				
Net position, beginning, as restated				
Net position, ending				

Net (Expense) Revenue and Changes in Net Position			
Component Units			
The Colony Economic Development Corporation	The Colony Community Development Corporation	The Colony Local Development Corporation	Total
$ (6,697,934)	$ -	$ -	$ (6,697,934)
-	(8,895,437)	-	(8,895,437)
-	-	(5,009,194)	(5,009,194)
(6,697,934)	(8,895,437)	(5,009,194)	(20,602,565)
10,221,064	10,221,065	8,841,724	29,283,853
1,190,620	919,453	386,634	2,496,707
1,760	-	-	1,760
11,413,444	11,140,518	9,228,358	31,782,320
4,715,510	2,245,081	4,219,164	11,179,755
2,426,319	(10,467,863)	(94,712,055)	(102,753,599)
-	-	(926,361)	(926,361)
2,426,319	(10,467,863)	(95,638,416)	(103,679,960)
$ 7,141,829	$ (8,222,782)	$ (91,419,252)	$ (92,500,205)

Note 1 - Reporting Entity

The City of The Colony (the City), originally incorporated in 1977, is a municipal corporation incorporated under Article XI of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The City is governed by an elected mayor and a six-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters.

The financial statements of the City have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended, include whether:

- the organization is legally separate (can sue and be sued in their own name),
- the City holds the corporate powers of the organization,
- the City appoints a voting majority of the organization's board,
- the City is able to impose its will on the organization,
- the organization has the potential to impose a financial benefit/burden on the City,
- there is fiscal dependency by the organization on the City.

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in the financial statements which are misleading or incomplete. GASB Statement No. 39 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

Based on the criteria above, the City has the following component units:

Discretely Presented Component Units

The Colony Economic Development Corporation (TCEDC) - Organized exclusively for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of public welfare

The Colony Community Development Corporation (TCCDC) - Responsible for promoting economic development within the City and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City by developing, implementing, providing and financing projects under the Development Corporation Act of 1979. This includes the construction, renovation and operation of municipal buildings, the acquisition and improvement of parks as well as the promotion and expansion of manufacturing and industrial facilities, and other economic development purposes.

The Colony Local Development Corporation (TCLDC) – Established as the primary governing body for funding Tax Increment Reinvestment Zone (TIRZ) Number One public infrastructure. Surrounding these activities are performance agreements between the TCLDC and the developer, NMF Services, which commenced November 2011 and will terminate on the 75th anniversary of the date in which the City collects its first sales tax dollar from the respective facility.

A majority of the members of the TCEDC's, TCCDC's, and TCLDC's Boards of Directors are appointed by the City Council. The TCEDC, TCCDC, and TCLDC are each fiscally dependent upon the City as the City Council approves their budgets and must approve any debt issuance. However, the component units do not qualify for blending because the component units' services directly benefit the community rather than the City itself. The TCEDC and TCCDC do not issue separate financial statements and TCLDC does issue separate financial statements which are
available through the City's Finance Department. TCEDC, TCCDC, and TCLDC are presented as governmental fund types within these financial statements.

Note 2 - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements.

Note 3 - Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, certain charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The **General Fund** is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
- The **Pandemic Response Fund** is to account for revenues and expenditures related to the City of The Colony emergency response to COVID 19 from grant and contribution funding.
- The **Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted to signify the amounts that are exclusively for debt service expenditures.
- The **Capital Projects Fund** is used to account for the acquisition and construction of capital assets financed primarily through the issuance of general obligation debt.

The City reports the following major proprietary fund types:

- The **Water and Sewer Enterprise Fund** is used to account for the acquisition, operation and maintenance of a municipal water and sewer utility, supported primarily by user charges to the public.

Additionally, the City reports the following fund types:

- Nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for specialized purposes or committed for special projects.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses include cost of sales and services, administrative expenses and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Implementation of GASB Statement No. 100

As of October 1, 2023, the City adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been updated to conform to the presentation requirements related to the error correction and accounting changes in the financial statements for the year ended September 30, 2024. The additional disclosures required by this standard are included in Note 13.

Note 4 - Assets, Liabilities, and Net Position or Fund Balance

Cash and Cash Equivalents

State statutes and policy as established by the City Council authorize the City to invest in certificates of deposit, direct obligations of the U.S. Treasury, investment pools consisting of such U.S. Treasury obligations, repurchase agreements, commercial paper and mutual funds. Substantially all operating cash and cash equivalents are maintained in pooled cash and time deposit accounts. Interest income relating to pooled deposits is allocated to the individual funds based on each fund's pro rata share of total pooled deposits.

Restricted cash and investments is classified separately in the balance sheet of governmental funds and statement of net position for proprietary funds and represents cash and cash equivalents restricted for specific infrastructure projects (governmental funds) or the payment of long-term debt and for the acquisition of capital assets (proprietary funds).

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents, as they are available for withdrawal on demand.

Fair Value Measurements

Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

- Level 2 inputs are observable inputs other than quoted prices included within Level 1 that are for similar assets or liabilities. U.S. government-backed securities are valued using Level 2 inputs that are based on market data obtained from independent sources.

- Level 3 inputs are unobservable inputs for an asset or liability either directly or indirectly.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance totaled $959,488 for General Fund, $7,164 for Debt Service Fund, and $336,394 for Water and Sewer Fund.

Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventories consist of expendable supplies held for consumption or the construction of plant and equipment. Inventories are recorded as expenditures when consumed rather than when purchased.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

The fiduciary net position of the TMRS Supplemental Death Benefits Plan (SDBP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from SDBP's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The City has a deferred charge on bond refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City has deferred outflows of resources related to pensions as described in Note 7. The City also has deferred outflows of resources related to its Supplemental Death Benefits Plan as described in Note 8.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines, ambulance services and other items. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is deferred inflows related to leases where the City is the lessor and is reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease. The City also has deferred inflows of resources related to pensions as described in Note 7 and related to its Supplemental Death Benefits Plan as described in Note 8.

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements as well as the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. Other property, plant, equipment, and infrastructure of the City, as well as the component units, are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Improvements other than buildings	10-30 years
Machinery and equipment	5-10 years
Infrastructure	40 years
Right-to-use assets	5-10 years

Right to use leased assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent City's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Lease Receivables

Lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the City.

Subscription liabilities represent the City's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the City.

Transactions between Funds and Component Units

Interfund services are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services and reimbursements, are recorded as transfers. Transactions between the component units and the primary government are accounted for as external transactions. During the year ended September 30, 2023, the TCCDC contributed $4,000,000 to the capital projects fund and $299,845 to the General Fund. Additionally, the TCEDC contributed $445,519 to the General Fund.

Compensated Absences

Accumulated earned but unused vacation, holiday, compensatory time and sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time and sick pay benefits. Eligible employees are reimbursed upon separation from service for accumulated vacation, holiday, sick pay; non-exempt employees are reimbursed for vacation, holiday, compensatory time and sick leave.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

Property Taxes

The City's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Property taxes attach as an enforceable lien on property as of January 1 after they are levied. The assessed value upon which the fiscal year 2024 levy was based was $7,796,834,161. Taxes are due on October 1 and are delinquent after the following January 31. Current tax collections for the year ended September 30, 2024 were 98.34% of the tax levy.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The combined tax rate to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2024 was $0.64000 per $100 of assessed valuation.

The ordinance levying the ad valorem taxes specifies the percentage of the taxes applicable to the General Fund, and Debt Service Fund therefore, ad valorem tax revenues are recorded as revenues in the respective funds.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the revenues from the effective tax rate times the appraised values, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the property tax revenues from previous year by more than 3%, the City must have an election to approve effective interest rates.

Fund Balance

The City classifies governmental fund balance in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

- *Nonspendable* fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City had $171,965 and $166,283 in nonspendable fund balance for inventory and prepaid items, respectively, in the General Fund, and $816 in nonspendable fund balance for prepaid items in other governmental funds at September 30, 2024.

- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. General fund balance restricted for TIRZ 1 totaled $920,680 as of September 30, 2024. Debt service fund balance restricted for the retirement of funded indebtedness totaled $7,124,759 as of September 30, 2024. Capital projects fund balance restricted for future capital projects totaled $809,584. The Pandemic Response fund included $72 of fund balance restricted for grant activities. At September 30, 2024, fund balance restricted for special revenue fund activities included:

Fund	Restricted Balance
Hotel/motel taxes	$ 3,868,961
Police forfeitures fund	26,787
Federal seized fund	12,935
Child safety fund	97,499
Storm water utility fund	3,464,731
Court security	337,732
Court technology	35,593
Citizen donations fund	10,894
PID No. 1	855,250
Trinity North Medical	157,590
Juvenile case	218,118
	$ 9,086,090

- *Committed* fund balance is established and modified by a resolution from City Council, the City's highest level of decision-making authority, and can be used only for the specified purposes determined by the Council's resolution. At September 30, 2024, fund balance committed for special revenue fund activities included:

Fund	Committed Balance
Lake parks	$ 2,759,290
Special events	100,441
Keep the Colony Beautiful	13,926
	$ 2,873,657

- *Assigned* fund balance includes the portion of net resources for which an intended use has been established by the City Council or the City Official authorized to do so by the City Council. Assignments of fund balance are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds, other than the General Fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund but does not meet the criteria to be classified as restricted or committed. The Council has authorized the City Manager to assign fund balance.

- *Unassigned* fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications, as well as negative unassigned fund balance in other governmental funds.

Flow Assumptions

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned, then unassigned fund balance.

Note 5 - Stewardship, Compliance and Accountability

Budgetary Information

The City adopts annual appropriated budgets for its General Fund, Debt Service Fund, Lake Parks Fund, Special Events Fund, Hotel/Motel Taxes Fund, Child Safety Fund, and Storm Water Utility Fund. The budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

For the year ended September 30, 2024, expenditures exceeded appropriations in the general fund as follows:

- Public works ($66,112)
- Public safety ($425,317)
- Capital outlay ($620,049)
- Debt Service ($502,694)

Note 6 - Detailed Notes on All Funds

Cash and Investments

Custodial Credit Risk. Cash deposits of the City, TCEDC, TCCDC, and TCLFD at September 30, 2024, were entirely secured by FDIC insurance and pledged collateral held by the City's agent bank.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) Texas local government investment pools; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or (b) secured by obligations that are described by (1) – (4); (6) and reverse repurchase agreements not to exceed 90 days to stated maturity.

Cash and investments as of September 30, 2024 consist of the following:

	2024
Cash on hand	$ 5,134
Deposits with financial institutions	39,180,916
Investment pools and money market mutual funds	128,664,847
	$ 167,850,897

Following are the City's investments at September 30, 2024, including classification by level, within the fair value hierarchy:

Primary Government

	Reported Value	Level	Percent of Total	Weighted Average Maturity
Investment Pools				
TexPool	$ 64,184,595	N/A	99.00%	< 60 days
TexPool Prime	32,408,367	N/A	49.99%	< 60 days
Other Investments				
Money Market Mutual Funds	647,611	Level 1	1.00%	< 60 days
Total Investments	$ 64,832,206		100.00%	

TCEDC

	Reported Value	Level	Percent of Total	Weighted Average Maturity
Investment Pools				
TexPool	$ 19,329,857	N/A	69.31%	< 60 days
TexPool Prime	2,462,557	N/A	8.83%	< 60 days
Other Investments				
Money Market				
Mutual Funds	8,560,464	Level 1	30.69%	< 60 days
Total Investments	$ 27,890,321		100.00%	

TCCDC

	Reported Value	Level	Percent of Total	Weighted Average Maturity
Investment Pools				
TexPool	$ 8,354,580	N/A	49.39%	< 60 days
TexPool Prime	906,503	N/A	5.36%	< 60 days
Other Investments				
Money Market				
Mutual Funds	8,560,290	Level 1	50.61%	< 60 days
Total Investments	$ 16,914,870		100.00%	

TCLDC

	Reported Value	Level	Percent of Total	Weighted Average Maturity
Other Investments				
Money Market				
Mutual Funds	$ 19,027,450	Level 1	100.00%	< 60 days
Total Investments	$ 19,027,450		100.00%	

The City is a voluntary participant in two investment pools: TexPool and TexPool Prime. Each of these pools operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Each uses amortized costs rather than market value to report the net position to compute share prices. Accordingly, the value of the City's position in the pools is the same as the value of the shares in the pool.

The State Comptroller of Public Accounts exercises responsibility over TexPool and TexPool Prime. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2024 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Credit Risk. State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2024, the City's investments in TexPool and TexPool Prime were both rated AAAm by Standard & Poor's.

Concentration of Credit Risk. Statutes and the City's investment policy limits the investment portfolio by the following:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Government securities	5 Years	100%	None
State of Texas	5 Years	25%	None
States, Agencies, Counties, Cities and Other	5 Years	25%	None
Repurchase Agreements	90 Days	100%	None
Certificates of Deposit	5 Years	25%	None
Commercial Paper	270 Days	25%	None
No-Load Money Market Mutual Funds	90 Days	25%	None
Eligible Investment Pools	90 Days	100%	None

Capital Assets

A summary of changes in capital assets follows:

	(Restated) Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Governmental activities					
Capital assets, not being depreciated					
Land	$ 7,995,486	$ 4,000	$ -	$ -	$ 7,999,486
Rights-of-way	25,571,036	-	-	-	25,571,036
Construction in progress	17,894,691	18,838,534	(2,267,376)	-	34,465,849
Total assets not being depreciated	51,461,213	18,842,534	(2,267,376)	-	68,036,371
Capital assets, being depreciated:					
Buildings	46,946,115	53,136	143,670	-	47,142,921
Improvements other than buildings	21,417,151	855,064	-	-	22,272,215
Swimming pool	1,839,255	-	-	-	1,839,255
Machinery and equipment	20,787,717	1,612,454	2,123,706	(15,448)	24,508,429
Infrastructure	301,840,172	5,300,510	-	(88,311)	307,052,371
Total capital assets being depreciated	392,830,410	7,821,164	2,267,376	(103,759)	402,815,191
Less accumulated depreciation					
Buildings	15,216,964	1,505,463	-	-	16,722,427
Improvements other than buildings	10,933,593	1,095,281	-	-	12,028,874
Swimming pool	1,363,554	64,571	-	-	1,428,125
Machinery and equipment	13,221,758	3,440,232	-	(15,448)	16,646,542
Infrastructure	134,342,876	8,177,226	-	(88,311)	142,431,791
Total accumulated depreciation	175,078,745	14,282,773	-	(103,759)	189,257,759
Total capital assets being depreciated, net	217,751,665	(6,461,609)	2,267,376	-	213,557,432
Right to use leased assets, being amortized					
Machinery and equipment	1,265,639	205,487	-	(149,975)	1,321,151
Less accumulated amortization					
Machinery and equipment	412,812	146,999	-	(144,613)	415,198
Total right to use leased assets being amortized, net	852,827	58,488	-	(5,362)	905,953
Right to use SBITA assets, being amortized	360,919	53,051	-	-	413,970
Less accumulated amortization	95,631	105,915	-	-	201,546
Net right to use SBITA assets	265,288	(52,864)	-	-	212,424
Total leased and subscription IT assets, net	1,118,115	5,624	-	(5,362)	1,118,377
Governmental activities capital assets, net	$ 270,330,993	$ 12,386,549	$ -	$ (5,362)	$ 282,712,180

	(Restated) Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Business-type activities					
Capital assets, not being depreciated					
Land	$ 3,273,473	$ -	$ -	$ -	$ 3,273,473
Construction in progress	3,665,293	2,333,361	(60,991)	-	5,937,663
Total assets not being depreciated	6,938,766	2,333,361	(60,991)	-	9,211,136
Capital assets, being depreciated:					
Buildings	13,214,803	6,500	-	-	13,221,303
Water system	95,657,772	2,153,112	-	-	97,810,884
Sanitary system	97,787,570	1,850,590	-	-	99,638,160
Drainage system	1,684,364	-	-	-	1,684,364
Machinery and equipment	5,174,240	824,540	60,991	-	6,059,771
Infrastructure	16,615,671	-	-	-	16,615,671
Total capital assets being depreciated	230,134,420	4,834,742	60,991	-	235,030,153
Less accumulated depreciation					
Buildings	814,650	286,984	-	-	1,101,634
Water system	33,916,556	2,714,114	-	-	36,630,670
Sanitary system	31,825,751	2,900,065	-	-	34,725,816
Drainage system	1,616,559	42,109	-	-	1,658,668
Machinery and equipment	3,593,871	740,490	-	-	4,334,361
Infrastructure	9,857,153	485,592	-	-	10,342,745
Total accumulated depreciation	81,624,540	7,169,354	-	-	88,793,894
Total capital assets being depreciated, net	148,509,880	(2,334,612)	60,991	-	146,236,259
Business activities capital assets, net	$ 155,448,646	$ (1,251)	$ -	$ -	$ 155,447,395

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
TCEDC					
Capital assets, not being depreciated					
Land	$ 6,355,178	$ -	$ -	$ -	$ 6,355,178
Construction in progress	291,735	445,959	-	-	737,694
Total assets not being depreciated	6,646,913	445,959	-	-	7,092,872
Capital assets, being depreciated:					
Vehicles	186,414	-	-	-	186,414
Total capital assets being depreciated	186,414	-	-	-	186,414
Less accumulated depreciation					
Vehicles	6,311	31,179	-	-	37,490
Total accumulated depreciation	6,311	31,179	-	-	37,490
Total capital assets being depreciated, net	180,103	(31,179)	-	-	148,924
TCEDC capital assets, net	$ 6,827,016	$ 414,780	$ -	$ -	$ 7,241,796

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
TCLDC					
Capital assets, not being depreciated					
Land	$ 22,321,911	$ -	$ -	$ -	$ 22,321,911
Total assets not being depreciated	22,321,911	-	-	-	22,321,911
TCLDC capital assets, net	$ 22,321,911	$ -	$ -	$ -	$ 22,321,911

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	$ 6,395,411
Public safety	2,029,473
Public works	5,048,826
Culture and recreation	1,061,977
Total depreciation/amortization expense - Governmental activities	$ 14,535,687
Business-type activities	
Water and sewer	$ 7,169,354
Total depreciation/amortization expense - Business-type activities	$ 7,169,354

Lessee Activities

The City entered into various lease agreements as lessee for the use of buildings, machinery and equipment, and infrastructure. As of September 30, 2024, the value of the lease liability was $828,236. The City is required to make monthly or annual principal and interest payments through November 2028. The lease liability was valued using a discount rate ranging from 0.25% to 2.70% as determined by the City's management based on the City's estimated incremental borrowing rate.

Lessor Activities

The City has accrued a receivable for one land lease and two infrastructure leases. The remaining receivable for these leases was $5,657,273 for the year ended September 30, 2024. Deferred inflows related to these leases were $5,431,874 as of September 30, 2024. The interest rate on the leases ranged from 0.28% – 5.71%. Final receipt is expected in fiscal year 2067.

The agreements call for payments that are partially or completely variable and therefore were not included in lease receivable or deferred inflow of resources for leases. These variable payments are a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from a percentage of revenue. A total of $276,934 was recognized as revenue from these variable payments for the year ended September 30, 2024.

Subscription IT Activities

As of September 30, 2024, the value of the SBITA liability was $209,568. The City is required to make annual principal and interest payments through November 2027. The SBITA liability was valued using a discount rate ranging from 2.426% to 3.495% as determined by the City's management based on the City's estimated incremental borrowing rate.

Interfund Transfers

The composition of interfund transfers in/out as of September 30, 2024, is as follows:

Fund	Transfers In	Transfers Out	Purpose
General	$ -	$ 5,444,000	Funding for capital projects, special events, and programs
Other Governmental	1,454,000	410,000	Funding for capital projects, special events, and programs
Water and Sewer	4,400,000	-	Funding for capital projects
	$ 5,854,000	$ 5,854,000	

Long-term Obligations

Long-term obligations of the City's governmental activities consist of general obligation bonds, certificates of obligation, financed purchases, lease liabilities, and SBITA liabilities. Sources of retirement of general obligation bond and certificates of obligation are provided from ad valorem tax. Governmental activities long-term obligations are paid by the debt service fund, general fund, and capital projects fund.

Long-term obligations of the City's business-type activities consist of general obligation bonds and certificates of obligation. Business-type activities long-term obligations are serviced by revenue from the Water and Sewer and Storm Drainage systems.

Compensated absences, net pension liability and total OPEB liability are paid from the fund out of which an employee is regularly paid, primarily the General Fund, Water and Sewer Fund, Storm Drainage Fund and TCEDC. The following is a summary of changes in long-term obligations for the year ended September 30, 2024:

	(Restated) Beginning Balance	Transfers/ Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Certificates of obligation	$ 52,291,100	$ -	$ (2,898,650)	$ 49,392,450	$ 2,902,400
General obligation bonds	8,349,797	-	(1,785,587)	6,564,210	1,485,391
Financed purchases	6,480,676	-	(906,304)	5,574,372	672,773
Bond premiums/discounts (net)	5,438,485	-	(1,003,560)	4,434,925	-
Lease obligation	859,803	205,487	(237,054)	828,236	200,572
SBITA obligation	273,857	53,051	(117,340)	209,568	103,749
Net pension liability	18,150,049	-	(4,150,341)	13,999,708	-
Total OPEB liability	808,305	63,881	-	872,186	22,801
Compensated absences	4,675,980	4,768,352	(4,820,921)	4,623,411	4,577,177
Total governmental activities	$ 97,328,052	$ 5,090,771	$ (15,919,757)	$ 86,499,066	$ 9,964,863
Business-type activities					
Certificates of obligation	$ 48,538,900	$ -	$ (2,841,350)	$ 45,697,550	$ 2,907,600
General obligation bonds	7,860,203	-	(3,094,413)	4,765,790	1,729,609
Bond premiums/discounts (net)	4,360,388	-	(369,784)	3,990,604	-
Net pension liability	2,418,910	-	(170,532)	2,248,378	-
Total OPEB liability	110,223	29,852	-	140,075	3,662
Compensated absences	488,798	772,007	(771,157)	489,648	484,038
Total business type activities	63,777,422	801,859	(7,247,236)	57,332,045	5,124,909
Primary government	$ 161,105,474	$ 5,892,630	$ (23,166,993)	$ 143,831,111	$ 15,089,772
Component Units					
Revenue bonds	$ 195,395,000	$ -	$ (4,575,000)	$ 190,820,000	$ 4,900,000
Bond premiums/discounts (net)	(2,706,627)	-	136,091	(2,570,536)	-
Net pension liability	-	221,341	-	221,341	-
Total OPEB liability	-	13,789	-	13,789	-
Compensated absences	60,211	79,325	(87,326)	52,210	51,612
	$ 192,748,584	$ 314,455	$ (4,526,235)	$ 188,536,804	$ 4,951,612

The following is a schedule of the City's outstanding bonds:

	Governmental Activities Outstanding	Business Type Activities Outstanding	Component Units Outstanding
Certificates of Obligation			
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013, 2.00% to 4.375%, maturing in annual installments of $155,000 to $675,000 through 2033.	$ 1,125,000	$ -	$ -
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2014, 3.00% to 6.00%, maturing in annual installments of $510,000 to $1,550,000 through 2035.	2,004,800	12,315,200	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2015, 3.00% to 4.00%, maturing in annual installments of $470,000 to $690,000 through 2035.	-	6,580,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2016, 3.00% to 4.00%, maturing in annual installments of $685,000 to $1,025,000 through 2037.	7,766,500	3,328,500	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018, 3.00% to 4.00%, maturing in annual installments of $555,000 to $850,000 through 2038.	8,500,500	944,500	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2019, 3.00% to 5.00%, maturing in annual installments of $845,000 to $1,095,000 through 2039.	8,754,400	5,365,600	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020, 3.00% to 5.00%, maturing in annual installments of $252,850 to $761,813 through 2040.	2,903,750	8,711,250	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2021, 2.00% to 5.00%, maturing in annual installments of $290,000 to $540,000 through 2040.	6,790,500	754,500	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2022, 4.00% to 5.00%, maturing in annual installments of $475,000 to $1,335,000 through 2039.	11,547,000	7,698,000	-
	49,392,450	45,697,550	-
General Obligation Bonds			
General Obligation Refunding Bonds, Series 2014, 2.00% to 5.00%, maturing in annual installments of $55,000 to $1,535,000 through 2026.	514,250	2,510,750	
General Obligation Refunding Bonds, Series 2015, 3.00% to 4.00%, maturing in annual installments of $840,000 to $1,715,000 through 2027.	1,941,400	913,600	
General Obligation Refunding Bonds, Series 2020, 3.00% to 4.00%, maturing in annual installments of $806,446 to $263,304 through 2030.	4,108,560	1,341,440	
	6,564,210	4,765,790	-

	Governmental Activities Outstanding	Business Type Activities Outstanding	Component Units Outstanding
Revenue Bonds			
Sales Tax Revenue Bonds, Series 2013 (Infrastructure Bonds), 4.50% to 7.25%, maturing in annual installments of $195,000 to $2,770,000 through 2042.	-	-	27,070,000
Sales Tax Revenue Bonds, Series 2013 (Infrastructure Bonds), 4.50% to 7.25%, maturing in annual installments of $195,000 to $2,770,000 through 2042.	-	-	27,070,000
Sales Tax Increment Contract Revenue Bonds, Series 2013 (Infrastructure Bonds), 5.00% to 7.625%, maturing in annual installments through 2042.	-	-	14,705,000
Sales Tax Increment Contract Revenue Bonds, Series 2013 (Infrastructure Bonds), 2.594% to 4.881%, maturing in annual installments through 2047.	-	-	100,765,000
Sales Tax Revenue Bonds, Series 2017 (Infrastructure Bonds), 3.520%, maturing in annual installments through 2032	-	-	4,245,000
Tax Increment Contract Revenue Refunding Bonds, Series 2021, 3.580%, maturing in annual installments through 2034.	-	-	16,965,000
	-	-	190,820,000
	$ 55,956,660	$ 50,463,340	$ 190,820,000

Nebraska Furniture Mart

During March 2012, the TCEDC, TCCDC and TCLDC individually entered into a pledge agreement where the consideration of future sales tax revenue from the tax increment reinvestment zone would be used to repay debt issued by the component units to provide funding for the Nebraska Furniture Mart Texas project. This pledge was effectively an incentive agreement to secure the development of Nebraska Furniture Mart, through NFM Services, within the City of The Colony.

TCEDC and TCCDC have each pledged a portion of their future sales tax revenues to repay $29,580,000 of sales tax revenue bond series 2013 that each corporation issued in February 2013 to finance the acquisition of land and cost of construction and infrastructure associated with the Nebraska Furniture Mart Texas project. Total principal and interest remaining on each issuance is approximately $53.2 million as of September 30, 2024. Interest and principal paid and incremental sales tax revenues recognized were $2,422,255 and $4,573,540, respectively, for both TCCDC and TCEDC with regards to each corporation's 2013 bond series during the year ended September 30, 2024.

TCLDC has pledged a portion of its future sales tax revenues to repay $142,080,000 of sales tax incremental contract revenue bonds that the Corporation issued in February 2013 to finance the acquisition of land and cost of construction and infrastructure associated with the Nebraska Furniture Mart Texas project. Total principal and interest remaining on these bonds is approximately $208.5 million as of September 30, 2024. Interest and principal paid and incremental sales tax revenues recognized were $9,613,787 and $8,841,724, respectively, during the year ended September 30, 2024.

Annual Requirements to Retire Bond Obligations

The annual requirements to retire general long-term debt, including interest, as of September 30, 2024 are as follows:

Certificates of Obligation

Fiscal Year Ending September 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 2,902,400	$ 1,876,646	$ 4,779,046	$ 2,907,600	$ 1,759,067	$ 4,666,667
2026	3,043,500	1,742,726	4,786,226	2,916,500	1,626,912	4,543,412
2027	3,167,350	1,604,833	4,772,183	3,027,650	1,503,154	4,530,804
2028	3,041,000	1,480,501	4,521,501	3,039,000	1,389,280	4,428,280
2029	2,942,600	1,347,308	4,289,908	3,137,400	1,270,505	4,407,905
2030-2034	15,570,550	4,863,876	20,434,426	17,034,450	4,441,221	21,475,671
2035-2039	14,896,300	1,967,613	16,863,913	11,048,700	1,505,868	12,554,568
2040	3,828,750	209,460	4,038,210	2,586,250	151,640	2,737,890
Total	$ 49,392,450	$ 15,092,963	$ 64,485,413	$ 45,697,550	$ 13,647,647	$ 59,345,197

General Obligation Bonds

Fiscal Year Ending September 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 1,485,391	$ 279,098	$ 1,764,489	$ 1,729,609	$ 169,803	$ 1,899,412
2026	1,540,196	222,474	1,762,670	1,784,804	113,976	1,898,780
2027	1,333,570	163,603	1,497,173	531,430	56,297	587,727
2028	701,094	110,253	811,347	228,906	35,997	264,903
2029	731,248	75,198	806,446	238,752	24,552	263,304
2030	772,711	38,636	811,347	252,289	12,614	264,903
Total	$ 6,564,210	$ 889,262	$ 7,453,472	$ 4,765,790	$ 413,239	$ 5,179,029

Revenue Bonds

Fiscal Year Ending September 30	Component Units		
	Principal	Interest	Total
2025	$ 4,900,000	$ 10,319,002	$ 15,219,002
2026	5,255,000	10,091,049	15,346,049
2027	5,620,000	9,842,166	15,462,166
2028	6,005,000	9,571,383	15,576,383
2029	6,425,000	9,276,897	15,701,897
2030-2034	38,220,000	40,878,004	79,098,004
2035-2039	43,390,000	29,517,228	72,907,228
2040-2044	52,405,000	14,344,873	66,749,873
2045-2047	28,600,000	2,894,433	31,494,433
Total	$ 190,820,000	$ 136,735,035	$ 327,555,035

Financed Purchases

During 2015, the City entered into a financed purchase agreement of $1,641,970 with principal and interest from 2.63% to 3.29% being paid through fiscal year 2024.

During 2023, the City entered into a financed purchase agreement of $6,969,000 with principal and interest of 1.0% being paid through fiscal year 2032. The agreement requires annual payments of $728,517. The City entered into the agreement to acquire land and building. The Capital Projects fund has typically been used to liquidate the liability.

The annual requirements to retire the financed purchase, including interest, as of September 30, 2024 are as follows:

Financed Purchase

Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2025	$ 672,773	$ 55,744	$ 728,517
2026	679,500	49,016	728,516
2027	686,295	42,221	728,516
2028	693,158	35,358	728,516
2029	700,090	28,426	728,516
2030-2032	2,142,556	42,994	2,185,550
Total	$ 5,574,372	$ 253,759	$ 5,828,131

Lease Liability

The annual requirements to retire lease obligations, including interest, as of September 30, 2024 are as follows:

Lease Liability

Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2025	$ 200,572	$ 17,901	$ 218,473
2026	195,616	13,587	209,203
2027	198,152	9,197	207,349
2028	202,654	4,695	207,349
2029	31,242	83	31,325
Total	$ 828,236	$ 45,463	$ 873,699

SBITA Liability

The annual requirements to retire SBITA obligations, including interest, as of September 30, 2024 are as follows:

SBITA Liability

Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2025	$ 103,749	$ 6,219	$ 109,968
2026	86,983	3,141	90,124
2027	18,836	540	19,376
Total	$ 209,568	$ 9,900	$ 219,468

Note 7 - Defined Benefit Pension Plan

Plan Description

The City participates as one of 936 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of each city, within the options available in the state statutes governing TMRS. The City has elected that members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	252
Inactive employees entitled to but not yet receiving benefits	267
Active employees	412
Total	931

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.45% and 13.75% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were $4,934,490, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions: The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.60% to 11.85% including inflation
Investment rate of return	6.75%

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.00%	6.70%
Core Fixed Income	6.00%	4.70%
Non-Core Fixed Income	20.00%	8.00%
Other Public and Private Markets	12.00%	8.00%
Real Estate	12.00%	7.60%
Hedge Funds	5.00%	6.40%
Private Equity	10.00%	11.60%
Total	100.00%	

Discount Rate: The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

Entity-Wide	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balance at 12/31/2022	$ 130,723,102	$ 110,154,143	$ 20,568,959
Changes for the year:			
Service cost	5,610,086	-	5,610,086
Interest	8,822,421	-	8,822,421
Change in benefit terms	-	-	-
Difference between expected and actual experience	1,273,565	-	1,273,565
Change in assumptions	(354,399)	-	(354,399)
Contributions - employer	-	4,450,840	(4,450,840)
Contributions - employee	-	2,315,788	(2,315,788)
Net investment income	-	12,766,249	(12,766,249)
Benefit payments, including refunds of contributions	(5,651,226)	(5,651,226)	-
Administrative expense	-	(81,107)	81,107
Other changes	-	(565)	565
Net changes	9,700,447	13,799,979	(4,099,532)
Balance at 12/31/2023	$ 140,423,549	$ 123,954,122	$ 16,469,427

Primary Government	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balance at 12/31/2022	$ 130,723,102	$ 110,154,143	$ 20,568,959
Changes for the year:			
Service cost	5,534,350	-	5,534,350
Interest	6,938,556	-	6,938,556
Change in benefit terms	-	-	-
Difference between expected and actual experience	1,256,372	-	1,256,372
Change in assumptions	(349,615)	-	(349,615)
Contributions - employer	-	4,390,754	(4,390,754)
Contributions - employee	-	2,284,525	(2,284,525)
Net investment income	-	11,105,826	(11,105,826)
Benefit payments, including refunds of contributions	(5,574,934)	(5,574,934)	-
Administrative expense	-	(80,012)	80,012
Other changes	-	(557)	557
Net changes	7,804,729	12,125,602	(4,320,873)
Balance at 12/31/2022	$ 138,527,831	$ 122,279,745	$ 16,248,086

Component Units	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balance at 12/31/2021	$ -	$ -	$ -
Changes for the year:			
Service cost	75,736	-	75,736
Interest	1,883,865	-	1,883,865
Change in benefit terms	-	-	-
Difference between expected and actual experience	17,193	-	17,193
Change in assumptions	(4,784)	-	(4,784)
Contributions - employer	-	60,086	(60,086)
Contributions - employee	-	31,263	(31,263)
Net investment income	-	1,660,423	(1,660,423)
Benefit payments, including refunds of contributions	(76,292)	(76,292)	-
Administrative expense	-	(1,095)	1,095
Other changes	-	(8)	8
Net changes	1,895,718	1,674,377	221,341
Balance at 12/31/2022	$ 1,895,718	$ 1,674,377	$ 221,341

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	$ 36,358,636	$ 16,469,427	$ 98,082
Reported by Governmental Activities	30,906,375	13,999,708	83,374
Reported by Business-Type Activities	4,963,619	2,248,378	13,390
Reported by Component Units	488,642	221,341	1,318
	$ 36,358,636	$ 16,469,427	$ 98,082

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
For the year ended September 30, 2024, the City recognized pension expense of $4,937,617.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Entity-Wide		Primary Government		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,388,514	$ -	$ 1,369,769	$ -	$ 18,745	$ -
Changes in actuarial assumptions	-	278,347	-	274,606	-	3,741
Difference between projected and actual investment earnings	2,915,427	-	2,876,069	-	39,358	-
Contributions subsequent to the measurement date	3,751,751	-	3,701,589	-	50,162	-
Total	$ 8,055,692	$ 278,347	$ 7,947,427	$ 274,606	$ 108,265	$ 3,741

$3,751,751 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	Entity-Wide	Primary Govt	Component Units
2025	$ 1,236,198	$ 1,219,504	$ 16,694
2026	1,256,651	1,239,681	16,970
2027	2,468,731	2,435,393	33,338
2028	(935,986)	(923,346)	(12,640)
	$ 4,025,594	$ 3,971,232	$ 54,362

Note 8 - Other Post Employment Benefits

Plan Description

The City also participates in a single employer, defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage (Supplemental Death Benefits) for their active members, including or not including retirees.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree employees, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan. Texas Local Government Code Section 177.001 assigns the authority to establish and amend benefit provisions to the City Council. At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	171
Inactive employees entitled to but not yet receiving benefits	43
Active employees	412
Total	626

Contributions

The City contributes to the SDBF program at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

The SDBF program is voluntary and employers can cease participation by adopting an ordinance before November 1 of any year to be effective the following January 1. Therefore, the funding policy of the program is to ensure that adequate resources are available to meet all insurance benefit payments for the upcoming year. It is not the intent of the funding policy to pre-fund retiree term life insurance during employees' entire careers. The City's contribution, which equaled the required contribution, was as follows for the year ended September 30:

	2024
Employer rate	0.24%
Employer contributions	$ 26,463

Actuarial Assumptions

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.60% to 11.85%, including inflation
Discount rate	3.77%

Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Mortality rates for disabled retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2023 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period ending December 31, 2022.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. A discount rate of 3.77% was based on the Fidelity Index's 20-Year Municipal GO AA Index as of December 31, 2023.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2024, the City reported a total OPEB liability of $1,026,050 measured at December 31, 2023. For the year ended September 30, 2024, the City recognized OPEB expense of $51,551.

As of December 31, 2023, the discount rate used in the development of the total OPEB liability was 3.77% compared to 4.05% as of December 31, 2022.

Changes in the total OPEB liability for the measurement year ended December 31, 2023 are as follows:

	Total OPEB Liability		
Changes in Total OPEB Liability	Entity-Wide	Primary Government	Component Units
Balance at December 31, 2022	$ 918,528	$ 918,528	$ -
Changes for the year:			
Service cost	39,694	26,821	12,873
Interest on total OPEB liability	37,468	36,962	506
Changes of benefit terms	-	-	-
Differences between expected and actual experience	6,021	5,940	81
Effect of assumption changes or inputs	50,802	50,116	686
Benefit payments*	(26,463)	(26,106)	(357)
Balance as of December 31, 2023	$ 1,026,050	$ 1,012,261	$ 13,789

*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.77%) or 1 percentage point higher (4.77%) than the current rate.

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
City's total OPEB liability	$ 1,225,813	$ 1,026,050	$ 868,285
Reported by Governmental Activities	1,041,993	872,186	738,079
Reported by Business-Type Activities	167,346	140,075	118,537
Reported by Component Units	16,474	13,789	11,669
	$ 1,225,813	$ 1,026,050	$ 868,285

At December 31, 2023, the City reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Entity-Wide		Primary Government		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 5,139	$ 68,631	$ 5,070	$ 67,704	$ 69	$ 927
Changes in actuarial assumptions	180,894	341,005	178,453	336,427	2,441	4,578
Contributions subsequent to the measurement date	20,109	-	19,849	-	260	-
Total	$ 206,142	$ 409,636	$ 203,372	$ 404,131	$ 2,770	$ 5,505

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2025 in the amount of $20,109. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year Ended September 30:	Entity-Wide	Primary Government	Component Units
2025	$ (30,040)	$ (29,815)	$ (225)
2026	(28,820)	(28,567)	(253)
2027	(50,378)	(50,091)	(287)
2028	(68,092)	(67,735)	(357)
2029	(53,170)	(52,770)	(400)
Thereafter	6,897	7,117	(220)
	$ (223,603)	$ (221,861)	$ (1,742)

Note 9 - Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the City purchased commercial insurance to cover these liabilities. Additionally, the City purchases commercial insurance to cover employee health benefits. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three years.

Note 10 - Commitments and Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Estimated costs to complete significant construction projects in progress at year-end totaled approximately $10,668,728.

Note 11 - Deferred Compensation Plan

The City participates in a deferred compensation plan, which falls under Internal Revenue Code Section 457. Virtually all employees are eligible to participate in the plan. The deferred compensation plan allows the deferral of individual federal income taxes until funds are withdrawn. Funds may be withdrawn at termination, retirement, death or unforeseeable emergency. Employees may contribute a maximum of 100% of compensation included in gross income or $15,500 whichever is less. As a result of legislative changes, all amounts of compensation deferred, all property and rights purchased, and all income, property or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property and rights of the City subject only to the claims of the City's general creditors. As a result, at September 30, 2024, the deferred compensation plan is not reported in the City's financial statements.

Note 12 - Tax Abatements

The City enters into economic development agreements authorized under Chapter 380 of the Texas Local Government Code. These agreements are planning tools designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. These programs abate or rebate property and/or sales taxes and may include other incentive payments such as fee reductions or construction costs reimbursements. Economic development agreements are considered on a case by case basis by the City Council and generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

Chapter 380 of the Texas Local Government Code allows the City to provide grants for the purpose of promoting local economic development. These grants are based on a percentage of property and/or sales tax received by the City. The City had the following agreements for the fiscal year ending September 30, 2024:

- Per the Grandscape, William Sonoma, and Top Golf TIF agreement for commercial development of 433 undeveloped acres, 100% of the property tax collections from the TIRZ projects and 90% of sales tax collections from TIRZ businesses were to be abated.

- There was an agreement for Tribute properties to develop a 1,200-acre residential and golf community within the City under which 50% of property taxes was agreed to be abated.

- Per the Tribute TIF agreement to fund water storage tank and construction of fire station, and improve roadways, marina park and entertainment district, 55% of property taxes from development limited to total property taxes less the agreement stated above was agreed to be abated.

During the year ended September 30, 2024, the City abated $13,998,530 in property taxes and $13,169,444 in sales taxes.

Note 13 - Correction of an Error in Previously Issued Financial Statements

During the year ended September 30, 2024, the City determined that there were certain errors in amounts previously reported in the 2023 financial statements resulting in a restatement of the beginning net position and fund balance. The corrections consist of the following:

- (A) The City identified certain accounts payable that had been recorded for a number of years without clearing. Accordingly, accounts payable was overstated by $136,798. The effect of this correction is shown in Column A below.
- (B) The City identified discrepancies between its fixed asset subledger and the financial statements. Additionally, the City identified a financed purchase that had been entered into the 2023 fiscal year that was not recorded. Accordingly, governmental activities capital assets was understated by $9,565,179, business-type activities capital assets were understated by $22,983, and governmental activities long-term obligations were understated by $6,240,484. The effect of this correction is shown in Column B below.
- (C) The City identified that prepaid insurance recorded upon issuance of the 2013 revenue bonds at TCLDC had not been amortized. Accordingly, prepaid assets was overstated by $926,361. The effect of this correction is shown in Column C below.
- In 2024, the City corrected the classification of amounts reported for net position of the discretely presented component units. Amounts were misclassified between net investment in capital assets and unrestricted net position and have been reclassified in the current year to correct the error. The periods affected by the error would have begun in 2013.

Beginning net position and fund balance was restated as follows:

	October 1, 2023, As Previously Reported	Error Correction (A)	Error Correction (B)	Error Correction (C)	October 1, 2023, As Restated
Governmental Funds					
Capital Projects Fund	$ 20,101,088	$ 136,798	$ -	$ -	$ 20,237,886
Total Governmental Funds	75,023,013	136,798	-	-	75,159,811
Proprietary Funds					
Water and Sewer Enterprise Fund	117,965,862	-	22,983	-	117,988,845
Government-Wide					
Governmental Activities	255,196,641	136,798	3,324,695	-	258,658,134
Business-Type Activities	117,965,862	-	22,983	-	117,988,845
Total Primary Government	373,162,503	136,798	3,347,678	-	376,646,979
Component Units					
The Colony Local Development Corporation	(94,712,055)	-	-	(926,361)	(95,638,416)
Total Component Units	(102,753,599)	-	-	(926,361)	(103,679,960)

If these amounts had been properly recorded in the prior year, the change in net position and change in fund balance would have been adjusted as follows for the year ended September 30, 2023:

	October 1, 2023, As Previously Reported	Error Correction (A)	Error Correction (B)	Error Correction (C)	October 1, 2023, As Restated
Governmental Funds					
Capital Projects Fund	$ (3,178,331)	$ -	$ -	$ -	$ (3,178,331)
Total Governmental Funds	11,369,944	-	-	-	11,369,944
Proprietary Funds					
Water and Sewer Enterprise Fund	2,968,230	-	-	-	2,968,230
Government-Wide					
Governmental Activities	20,863,590	-	1,044,679	-	21,908,269
Business-Type Activities	2,968,230	-	-	-	2,968,230
Total Primary Government	23,831,820	-	1,044,679	-	24,876,499
Component Units					
The Colony Local Development Corporation	3,138,800	-	-	(110,184)	3,028,616
Total Component Units	1,693,751	-	-	(110,184)	1,583,567

REQUIRED SUPPLEMENTARY INFORMATION

City of The Colony, Texas

Budgetary Comparison Schedule – General Fund (Exhibit B-1)

Year Ended September 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property	$ 29,536,214	$ 29,536,214	$ 26,525,113	$ (3,011,101)
Sales	12,000,000	12,000,000	9,990,559	(2,009,441)
Mixed beverage tax	750,000	750,000	925,917	175,917
Franchise	2,775,000	2,775,000	5,159,631	2,384,631
Licenses and permits	3,040,700	3,040,700	1,909,454	(1,131,246)
Fines and forfeitures	1,110,000	1,110,000	826,086	(283,914)
Charges for services	1,782,300	1,782,300	2,162,854	380,554
Intergovernmental	745,364	745,364	745,364	-
Grants	351,000	351,000	694,343	343,343
Investment income	26,000	26,000	3,725,189	3,699,189
Miscellaneous income	-	616,500	1,931,515	1,315,015
Total revenues	52,116,578	52,733,078	54,596,025	1,862,947
Expenditures				
Current				
General government	11,064,535	11,405,318	11,053,749	351,569
Culture and recreation	6,059,607	6,241,534	5,142,564	1,098,970
Public works	4,254,861	4,281,296	4,347,408	(66,112)
Public safety	31,227,932	31,284,716	31,710,033	(425,317)
Capital outlay	160,590	160,590	780,639	(620,049)
Debt service				
Principal	-	-	470,149	(470,149)
Interest	-	-	32,545	(32,545)
Total expenditures	52,767,525	53,373,454	53,537,087	(163,633)
Excess (Deficiency) of Revenues over (under) Expenditures	(650,947)	(640,376)	1,058,938	1,699,314
Other Financing Sources (Uses)				
Lease proceeds	-	-	205,487	205,487
Subscription IT proceeds	-	-	53,051	53,051
Transfers out	(4,064,000)	(4,064,000)	(5,444,000)	(1,380,000)
Transfers in	2,920,000	2,920,000	-	(2,920,000)
Total other financing sources (uses)	(1,144,000)	(1,144,000)	(5,185,462)	(4,041,462)
Net Change in Fund Balance	(1,794,947)	(1,784,376)	(4,126,524)	(2,342,148)
Fund balance, beginning	41,316,364	41,316,364	41,316,364	-
Fund balance, ending	$ 39,521,417	$ 39,531,988	$ 37,189,840	$ (2,342,148)

City of The Colony, Texas

Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System (Exhibit B-2)

Year Ended September 30, 2024

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Total Pension Liability										
Service cost	$ 5,610,086	$ 5,156,067	$ 4,833,901	$ 4,598,382	$ 4,260,983	$ 3,870,905	$ 3,593,344	$ 3,247,190	$ 3,038,645	$ 2,636,444
Interest on total pension liability	8,822,421	8,260,909	7,705,205	7,143,318	6,525,581	6,090,550	5,640,026	5,246,784	4,956,953	4,717,021
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	1,273,565	146,281	475,568	686,320	1,392,962	(201,099)	653,253	395,250	681,456	(1,078,676)
Change of assumptions	(354,399)	-	-	-	469,452	-	-	-	1,451,967	-
Benefit payments/refunds of contributions	(5,651,226)	(5,291,919)	(4,594,279)	(3,848,793)	(3,483,246)	(3,537,724)	(3,164,226)	(3,308,765)	(3,324,791)	(2,771,781)
Net change in total pension liability	9,700,447	8,271,338	8,420,395	8,579,227	9,165,732	6,222,632	6,722,397	5,580,459	6,804,230	3,503,008
Total pension liability, beginning	130,723,102	122,451,764	114,031,369	105,452,142	96,286,410	90,063,778	83,341,381	77,760,922	70,956,692	67,453,684
Total pension liability, ending (a)	$ 140,423,549	$ 130,723,102	$ 122,451,764	$ 114,031,369	$ 105,452,142	$ 96,286,410	$ 90,063,778	$ 83,341,381	$ 77,760,922	$ 70,956,692
Fiduciary Net Position										
Contributions - Employer	$ 4,450,840	$ 4,080,627	$ 3,861,496	$ 3,509,336	$ 3,330,020	$ 3,044,002	$ 2,825,357	$ 2,343,572	$ 2,336,643	$ 2,051,029
Contributions - Employee	2,315,788	2,120,592	2,003,458	1,900,158	1,790,133	1,630,948	1,512,352	1,360,283	1,309,761	1,179,152
Net investment income	12,766,249	(8,610,826)	13,461,929	7,176,504	12,447,283	(2,451,824)	9,825,153	4,466,472	96,983	3,534,120
Benefit payments/refunds of contributions	(5,651,226)	(5,291,919)	(4,594,279)	(3,848,793)	(3,483,246)	(3,537,724)	(3,164,226)	(3,308,765)	(3,324,791)	(2,771,781)
Administrative expenses	(81,107)	(74,437)	(62,232)	(46,406)	(70,294)	(47,376)	(50,917)	(50,436)	(59,070)	(36,893)
Other	(565)	88,824	426	(1,631)	(2,113)	(2,475)	(2,581)	(2,717)	(2,918)	(3,033)
Net change in fiduciary net position	13,799,979	(7,687,139)	14,670,798	8,689,168	14,011,783	(1,364,449)	10,945,138	4,808,409	356,608	3,952,594
Fiduciary net position, beginning	110,154,143	117,841,282	103,170,484	94,481,316	80,469,533	81,833,982	70,888,844	66,080,435	65,723,827	61,771,233
Fiduciary net position, ending (b)	$ 123,954,122	$ 110,154,143	$ 117,841,282	$ 103,170,484	$ 94,481,316	$ 80,469,533	$ 81,833,982	$ 70,888,844	$ 66,080,435	$ 65,723,827
Net pension liability (asset), ending = (a) - (b)	16,469,427	20,568,959	4,610,482	10,860,885	10,970,826	15,816,877	8,229,796	12,452,537	11,680,487	5,232,865
Fiduciary net position as a percentage of total pension liability	88.27%	84.27%	96.23%	90.48%	89.60%	83.57%	90.86%	85.06%	84.98%	92.63%
Covered payroll	$ 33,072,876	$ 30,294,165	$ 28,619,902	$ 27,145,113	$ 25,576,127	$ 23,248,678	$ 21,607,602	$ 19,432,616	$ 18,710,868	$ 16,838,560
Net pension liability as a percentage of covered payroll	49.80%	67.90%	16.11%	40.01%	42.89%	68.03%	38.09%	64.08%	62.43%	31.08%

Note: The information from this schedule corresponds with the period covered as of the Plan's measurement dates of December 31.

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2015	$ 2,224,043	$ 2,224,043	$ -	$ 19,145,821	11.62%
2016	2,399,108	2,399,108	-	19,236,056	12.47%
2017	2,723,827	2,723,827	-	19,440,612	14.01%
2018	2,998,437	2,998,437	-	22,698,203	13.21%
2019	3,247,835	3,247,835	-	24,667,551	13.17%
2020	3,477,782	3,477,782	-	26,570,811	13.09%
2021	3,770,299	3,770,299	-	28,244,747	13.35%
2022	3,861,496	3,861,496	-	30,774,816	12.55%
2023	4,080,627	4,080,627	-	32,146,158	12.69%
2024	4,934,490	4,934,490	-	35,912,284	13.74%

Note: The information from this schedule corresponds with the City's fiscal years ended September 30.

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total OPEB Liability							
Service cost	$ 39,694	$ 81,794	$ 71,550	$ 57,005	$ 40,922	$ 41,848	$ 32,411
Interest on total OPEB liability	37,468	25,390	26,044	29,359	30,875	28,018	27,153
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	6,021	(43,826)	(46,639)	(17,505)	(11,620)	(15,239)	-
Change of assumptions	50,802	(473,215)	42,215	171,209	172,459	(62,382)	69,501
Benefit payments	(26,463)	(21,206)	(20,034)	(5,429)	(5,115)	(6,975)	(4,322)
Net change in total OPEB liability	107,522	(431,063)	73,136	234,639	227,521	(14,730)	124,743
Total OPEB liability, beginning	918,528	1,349,591	1,276,455	1,041,816	814,295	829,025	704,282
Total OPEB liability, ending	$ 1,026,050	$ 918,528	$ 1,349,591	$ 1,276,455	$ 1,041,816	$ 814,295	$ 829,025
Covered payroll	$ 33,072,876	$ 30,294,165	$ 28,619,902	$ 27,145,113	$ 25,576,127	$ 23,248,678	$ 21,607,602
Total OPEB liability as a percentage of covered payroll	3.10%	3.03%	4.72%	4.70%	4.07%	3.50%	3.84%

Note: The information from this schedule corresponds with the period covered as of the Plan's measurement dates of December 31. Plan information was unavailable prior to 2017. Ten years will ultimately be displayed.

No assets are accumulated in a trust as defined by GASB 75. Benefits are on a pay as you go basis.

Note A: Net Pension Liability – Texas Municipal Retirement System

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years
Asset valuation method	10-year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85%, including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 with immediate convergence. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 with immediate convergence.
Notes:	There were no benefit changes during the year.

Note B: Total OPEB Liability – Texas Municipal Retirement System

Summary of actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Discount rate*	3.77%
Salary increases	3.60% to 11.85%, including inflation
Retirees' share- benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rate- service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 with immediate convergence.
Mortality rate- disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 with immediate convergence to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31 valuation were based on the results of an actuarial experience study for the period ended December 31, 2022.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2023.

Note C: Budgetary Process

The City Council adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. Prior to July 31, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. The proposed budget is filed with the City Secretary not less than 30 days prior to the time the City Council approves the tax levy for the fiscal year commencing the following October 1. Public hearings are conducted to obtain taxpayers' comments.
3. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.
4. The City Manager has authority to transfer appropriation balances from one expenditure account to another within a single department of the City. Only the City Council may transfer any unencumbered appropriation balance or portion thereof from one department to another. Appropriations lapse at the end of the fiscal year.

An annual budget is legally adopted for the General Fund using accounting principles generally accepted in the United States of America in all material respects.

Expenditures exceeded appropriations in the general fund as follows during the year ended September 30, 2024:

- Public Works ($66,112)
- Public Safety ($425,317)
- Capital Outlay ($620,049)
- Debt Service ($502,694)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	$ 7,494,325	$ 7,494,325	$ 8,053,759	$ 559,434
Investment income	40,000	40,000	635,302	595,302
Total revenues	7,534,325	7,534,325	8,689,061	1,154,736
Expenditures				
Debt service				
Principal	4,796,402	4,796,402	4,792,498	3,904
Interest	2,694,028	2,694,028	2,365,630	328,398
Total expenditures	7,490,430	7,490,430	7,158,128	332,302
Excess (Deficiency) of Revenues over (under) Expenditures	43,895	43,895	1,530,933	1,487,038
Net Change in Fund Balance	43,895	43,895	1,530,933	1,487,038
Fund Balance - October 1 (Beginning)	5,593,826	5,593,826	5,593,826	-
Fund Balance - September 30 (Ending)	$ 5,637,721	$ 5,637,721	$ 7,124,759	$ 1,487,038

Special Revenue Funds

The Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specific purposes.

Lake Parks Fund – To account for revenue generated by fees and permits to enter and utilize the park area and facilities located on the eastern shore of Lake Lewisville.

Special Events Fund – To account for various special events of the City including Christmas decorations, 4th of July fireworks display, and other special events held by the City.

Hotel/Motel Taxes Fund – To account for the receipt and allocation of the City's hotel/motel occupancy tax.

Police Forfeited Fund – To account for the funds granted to the police department that have been awarded by the court.

Federal Seized Fund – To account for funds granted to the police department in a revenue sharing agreement with the federal government.

Child Safety Fund – To account for child safety fees collected according to state statute to fund the school crossing guard program and other programs designed to enhance child safety, health or nutrition.

Storm Water Utility Fund – To account for the revenue and expenses associated with the drainage projects within the City.

Court Security Fund – To account for the revenue and expenditures associated with the portion of traffic tickets that have been restricted for the security of the Municipal Court.

Court Technology Fund – To account for the revenue and expenditures associated with the portion of traffic tickets restricted for upgrading the technology in the Municipal Court.

Keep The Colony Beautiful – To account for revenue and expenditures associated with the City supported community volunteer program designed to help property owners who can't maintain their properties due to financial or physical limitations.

Citizens Donations Fund – To account for money received from the $1 Add-On Program and the Recycling Rebate Program. This money is restricted for social and community services, public safety citizen programs and beautification projects.

Public Improvement District (PID) No.1 – To account for revenues and expenditures related to the City of The Colony Public Improvement District No. 1.

Trinity North Medical – To account for revenues and expenditures related to the City of The Colony renting out space in their building that is externally restricted.

Juvenile Case – To account for revenues and expenditures related to the City of The Colony's juvenile court.

City of The Colony, Texas

Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit C-2)

September 30, 2024

	Lake Parks	Special Events	Hotel / Motel Taxes	Police Forfeited Fund	Federal Seized Fund	Child Safety Fund	Storm Water Utility
Assets							
Cash and cash equivalents	$ 2,788,758	$ 131,750	$ 3,620,349	$ 26,787	$ 12,935	$ 47,499	$ 3,464,731
Receivables (net of allowance)							
Hotel/motel taxes	-	-	263,000	-	-	-	-
Leases	1,476,339	-	-	-	-	-	-
Miscellaneous	30,060	-	-	-	-	50,000	-
Prepaid items	-	816	-	-	-	-	-
Total assets	$ 4,295,157	$ 132,566	$ 3,883,349	$ 26,787	$ 12,935	$ 97,499	$ 3,464,731
Liabilities							
Accounts payable	$ 122,742	$ 14,152	$ 5,950	$ -	$ -	$ -	$ -
Accrued salaries	-	2,022	6,960	-	-	-	-
Other liabilities	14,436	2,033	1,478	-	-	-	-
Due to other funds	-	13,102	-	-	-	-	-
Total liabilities	137,178	31,309	14,388	-	-	-	-
Deferred Inflows of Resources							
Lease related	1,398,689	-	-	-	-	-	-
Total deferred inflows of resources	1,398,689	-	-	-	-	-	-
Fund Balances							
Nonspendable	-	816	-	-	-	-	-
Restricted	-	-	3,868,961	26,787	12,935	97,499	3,464,731
Committed	2,759,290	100,441	-	-	-	-	-
Total fund balances	2,759,290	101,257	3,868,961	26,787	12,935	97,499	3,464,731
Total liabilities, deferred inflows of resources and fund balances	$ 4,295,157	$ 132,566	$ 3,883,349	$ 26,787	$ 12,935	$ 97,499	$ 3,464,731
From C-2	4,295,157	132,566	3,883,349	26,787	12,935	97,499	3,464,731

	Court Security	Court Technology	Keep The Colony Beautiful	Citizens Donations	PID No. 1	Trinity North Medical	Juvenile Case	Total Nonmajor Special Revenue Funds
Assets								
Cash and cash equivalents	$ 337,732	$ 35,593	$ 13,926	$ 10,894	$ 1,101,917	$ 157,687	$ 218,118	$ 11,968,676
Receivables (net of allowance)								
Hotel/motel taxes	-	-	-	-	-	-	-	263,000
Leases	-	-	-	-	-	-	-	1,476,339
Miscellaneous	-	-	-	-	-	-	-	80,060
Prepaid items	-	-	-	-	-	-	-	816
Total assets	$ 337,732	$ 35,593	$ 13,926	$ 10,894	$ 1,101,917	$ 157,687	$ 218,118	$ 13,788,891
Liabilities								
Accounts payable	$ -	$ -	$ -	$ -	$ 246,667	$ 97	$ -	$ 389,608
Accrued salaries	-	-	-	-	-	-	-	8,982
Other liabilities	-	-	-	-	-	-	-	17,947
Due to other funds	-	-	-	-	-	-	-	13,102
Total liabilities	-	-	-	-	246,667	97	-	429,639
Deferred Inflows of Resources								
Lease related	-	-	-	-	-	-	-	1,398,689
Total deferred inflows of resources	-	-	-	-	-	-	-	1,398,689
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	816
Restricted	337,732	35,593	-	10,894	855,250	157,590	218,118	9,086,090
Committed	-	-	13,926	-	-	-	-	2,873,657
Total fund balances	337,732	35,593	13,926	10,894	855,250	157,590	218,118	11,960,563
Total liabilities, deferred inflows of resources and fund balances	$ 337,732	$ 35,593	$ 13,926	$ 10,894	$ 1,101,917	$ 157,687	$ 218,118	$ 13,788,891
From C-2	337,732	35,593	13,926	10,894	1,101,917	157,687	218,118	13,788,891

City of The Colony, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds (Exhibit C-3)

Year Ended September 30, 2024

	Lake Parks	Special Events	Hotel / Motel Taxes	Police Forfeited Fund	Federal Seized Fund	Child Safety Fund	Storm Water Utility
Revenues							
Taxes							
Hotel occupancy tax	$ -	$ -	$ 2,538,159	$ -	$ -	$ -	$ -
Licenses and permits	443,974	-	-	-	-	-	1,315,076
Fines & forfeitures	-	-	-	8,171	-	-	-
Charges for services	1,841	-	-	-	-	-	-
Gifts and contributions	-	-	-	-	-	-	-
Grants	-	-	-	-	-	52,988	-
Investment income	70,171	-	-	-	-	-	-
Miscellaneous income	536,100	73,954	5,173	7,852	-	-	24,848
Total revenues	1,052,086	73,954	2,543,332	16,023	-	52,988	1,339,924
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Culture and recreation	380,076	660,285	1,280,186	-	-	-	-
Public works	-	-	-	-	-	-	-
Public safety	-	-	-	48,124	-	65,607	-
Capital outlay	14,985	-	-	33,713	-	-	-
Debt service							
Principal	-	-	16,177	-	-	-	-
Interest	-	-	565	-	-	-	-
Total expenditures	395,061	660,285	1,296,928	81,837	-	65,607	-
Excess (Deficiency) of Revenues over (under) Expenditures	657,025	(586,331)	1,246,404	(65,814)	-	(12,619)	1,339,924
Other Financing Sources (Uses)							
Transfers out	(50,000)	-	(200,000)	-	-	(10,000)	(150,000)
Transfers in	-	644,000	800,000	-	-	-	-
Total Other Financing Sources (Uses)	(50,000)	644,000	600,000	-	-	(10,000)	(150,000)
Net Change in Fund Balance	607,025	57,669	1,846,404	(65,814)	-	(22,619)	1,189,924
Fund Balance - October 1 (Beginning)	2,152,265	43,588	2,022,557	92,601	12,935	120,118	2,274,807
Fund Balance - September 30 (Ending)	$ 2,759,290	$ 101,257	$ 3,868,961	$ 26,787	$ 12,935	$ 97,499	$ 3,464,731

	Court Security	Court Technology	Keep The Colony Beautiful	Citizens Donations	PID No. 1	Trinity North Medical	Juvenile Case	Total Nonmajor Special Revenue Funds
Revenues								
Taxes								
Hotel occupancy tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,538,159
Licenses and permits	-	-	-	-	-	-	-	1,759,050
Fines & forfeitures	21,563	17,689	-	-	-	-	35,142	82,565
Charges for services	-	-	-	-	1,335,580	-	-	1,337,421
Gifts and contributions	-	-	-	247	-	-	-	247
Grants	-	-	-	-	-	-	-	52,988
Investment income	-	-	-	-	74,335	-	-	144,506
Miscellaneous income	-	-	-	-	-	-	-	647,927
Total revenues	21,563	17,689	-	247	1,409,915	-	35,142	6,562,863
Expenditures								
Current								
General government	-	-	-	-	1,135,080	-	-	1,135,080
Culture and recreation	-	-	-	-	-	-	-	2,320,547
Public works	-	-	8,923	-	-	-	-	8,923
Public safety	3,320	10,738	-	-	-	-	184	127,973
Capital outlay	-	-	-	-	-	-	-	48,698
Debt service								
Principal	-	-	-	-	-	-	-	16,177
Interest	-	-	-	-	-	-	-	565
Total expenditures	3,320	10,738	8,923	-	1,135,080	-	184	3,657,963
Excess (Deficiency) of Revenues over (under) Expenditures	18,243	6,951	(8,923)	247	274,835	-	34,958	2,904,900
Other Financing Sources (Uses)								
Transfers out	-	-	-	-	-	-	-	(410,000)
Transfers in	-	-	10,000	-	-	-	-	1,454,000
Total Other Financing Sources (Uses)	-	-	10,000	-	-	-	-	1,044,000
Net Change in Fund Balance	18,243	6,951	1,077	247	274,835	-	34,958	3,948,900
Fund Balance - October 1 (Beginning)	319,489	28,642	12,849	10,647	580,415	157,590	183,160	8,011,663
Fund Balance - September 30 (Ending)	$ 337,732	$ 35,593	$ 13,926	$ 10,894	$ 855,250	$ 157,590	$ 218,118	$ 11,960,563

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	$ 299,000	$ 299,000	$ 443,974	$ 144,974
Charges for services	1,000	1,000	1,841	841
Investment income	-	-	70,171	70,171
Miscellaneous income	322,000	322,000	536,100	214,100
Total revenues	622,000	622,000	1,052,086	430,086
Expenditures				
Current				
Culture and recreation	-	-	380,076	(380,076)
Capital outlay	-	-	14,985	(14,985)
Total expenditures	-	-	395,061	(395,061)
Excess (Deficiency) of Revenues over (under) Expenditures	622,000	622,000	657,025	35,025
Other Financing Sources (Uses)				
Transfers out	-	-	(50,000)	(50,000)
Total Other Financing Sources (Uses)	-	-	(50,000)	(50,000)
Net Change in Fund Balance	622,000	622,000	607,025	(14,975)
Fund Balance - October 1 (Beginning)	2,152,265	2,152,265	2,152,265	-
Fund Balance - September 30 (Ending)	$ 2,774,265	$ 2,774,265	$ 2,759,290	$ (14,975)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Miscellanous income	$ 30,000	$ 30,000	$ 73,954	$ 43,954
Total revenues	30,000	30,000	73,954	43,954
Expenditures				
Current				
Culture and recreation	669,399	669,399	660,285	9,114
Total expenditures	669,399	669,399	660,285	9,114
Excess (Deficiency) of Revenues over Expenditures	(639,399)	(639,399)	(586,331)	53,068
Other Financing Sources (Uses)				
Transfers in	644,000	644,000	644,000	-
Total Other Financing Sources (Uses)	644,000	644,000	644,000	-
Net Change in Fund Balance	4,601	4,601	57,669	53,068
Fund Balance - October 1 (Beginning)	43,588	43,588	43,588	-
Fund Balance - September 30 (Ending)	$ 48,189	$ 48,189	$ 101,257	$ 53,068

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Hotel occupancy tax	$ 12,000,000	$ 1,200,000	$ 2,538,159	$ 1,338,159
Miscellaneous income	-	-	5,173	5,173
Total revenues	12,000,000	1,200,000	2,543,332	1,343,332
Expenditures				
Current				
Culture and recreation	1,588,462	1,588,462	1,280,186	308,276
Debt service				
Principal	-	-	16,177	(16,177)
Interest	-	-	565	(565)
Total expenditures	1,588,462	1,588,462	1,296,928	291,534
Excess (Deficiency) of Revenues over Expenditures	10,411,538	(388,462)	1,246,404	1,634,866
Other Financing Sources (Uses)				
Transfers out	(200,000)	(200,000)	(200,000)	-
Transfers in	800,000	800,000	800,000	-
Total Other Financing Sources (Uses)	600,000	600,000	600,000	-
Net Change in Fund Balance	11,011,538	211,538	1,846,404	1,634,866
Fund Balance - October 1 (Beginning)	2,022,557	2,022,557	2,022,557	-
Fund Balance - September 30 (Ending)	$ 13,034,095	$ 2,234,095	$ 3,868,961	$ 1,634,866

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Grants	$ 50,700	$ 50,700	$ 52,988	$ 2,288
Total revenues	50,700	50,700	52,988	2,288
Expenditures				
Current				
Public safety	65,608	65,068	65,607	(539)
Total expenditures	65,608	65,068	65,607	(539)
Excess (Deficiency) of Revenues over Expenditures	(14,908)	(14,368)	(12,619)	1,749
Other Financing Sources (Uses)				
Transfers out	(10,000)	(10,000)	(10,000)	-
Total Other Financing Sources (Uses)	(10,000)	(10,000)	(10,000)	-
Net Change in Fund Balance	(24,908)	(24,368)	(22,619)	1,749
Fund Balance - October 1 (Beginning)	120,118	120,118	120,118	-
Fund Balance - September 30 (Ending)	$ 95,210	$ 95,750	$ 97,499	$ 1,749

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	$ 1,000,000	$ 1,000,000	$ 1,315,076	$ 315,076
Miscellaneous income	-	-	24,848	24,848
Total revenues	1,000,000	1,000,000	1,339,924	339,924
Expenditures				
Current				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	1,000,000	1,000,000	1,339,924	339,924
Other Financing Sources (Uses)				
Transfers out	(150,000)	(150,000)	(150,000)	-
Total Other Financing Sources (Uses)	(150,000)	(150,000)	(150,000)	-
Net Change in Fund Balance	850,000	850,000	1,189,924	339,924
Fund Balance - October 1 (Beginning)	2,274,807	2,274,807	2,274,807	-
Fund Balance - September 30 (Ending)	$ 3,124,807	$ 3,124,807	$ 3,464,731	$ 339,924

The Colony Economic Development Corporation (TCEDC)– TCEDC is a legally separate entity from the City and was organized exclusively for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of public welfare.

The Colony Community Development Corporation (TCCDC) – TCCDC is a legally separate entity from the City and was organized for the purpose of the promotion of economic development by developing, implementing, and financing projects under the Development Corporation Act of 1979.

The Colony Local Development Corporation (TCLDC) – The TCLDC is a legally separate entity from the City and was organized exclusively for the purpose of serving as the primary governing body for the funding of the Tax Increment Reinvestment Zone Number One public infrastructure between the City and NFM Services.

	The Colony Economic Development Corporation	The Colony Community Development Foundation	The Colony Local Development Corporation	Total Discretely Presented Component Units
Assets				
Cash and cash equivalents	$ 21,792,414	$ 9,261,083	$ 7,290,432	$ 38,343,929
Receivables (net of allowance)				
Sales taxes	1,976,557	1,976,557	-	3,953,114
Restricted assets	8,560,464	8,560,290	11,737,018	28,857,772
Total assets	$ 32,329,435	$ 19,797,930	$ 19,027,450	$ 71,154,815
Liabilities				
Accounts payable	$ 29,005	$ 16,641	$ -	$ 45,646
Accrued liabilities	1,210,478	1,197,839	10,000	2,418,317
Total liabilities	1,239,483	1,214,480	10,000	2,463,963
Fund Balances				
Restricted for construction	2,631,385	-	-	2,631,385
Unassigned	28,458,567	18,583,450	19,017,450	66,059,467
Total fund balances	31,089,952	18,583,450	19,017,450	68,690,852
Total liabilities and fund balances	$ 32,329,435	$ 19,797,930	$ 19,027,450	$ 71,154,815

City of The Colony, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Component Units

(Exhibit F-2)

Year Ended September 30, 2024

	The Colony Economic Development Corporation	The Colony Community Development Foundation	The Colony Local Development Corporation
Total Fund Balances - Component Units (CU)	$ 31,089,952	$ 18,583,450	$ 19,017,450
Amounts reported for CU in the statement of net position are different because:			
Capital assets used in CU are not current financial resources and therefore are not reported in the balance sheet.	7,241,796	-	22,321,911
Prepaid insurance costs associated with the issuance of bonds are recorded as expenditures at the time of issuance in the CU financial statements. In the statement of net position, these costs are recorded as an asset and amortized into expense over the life of the debt.	-	-	2,534,231
Included in liabilities is the recognition of the CU's net pension liability, total OPEB liability and the related deferred inflows and outflows of resources:			
Net pension liability	(166,604)	(54,737)	-
Total OPEB liability	(10,379)	(3,410)	-
Deferred outflows of resources - pension	81,491	26,774	-
Deferred outflows of resources - OPEB	2,085	685	-
Deferred inflows of resources - pension	(2,816)	(925)	-
Deferred inflows of resources - OPEB	(4,144)	(1,361)	-
Some liabilities, including bonds payable and compensated absences, are not due and payable in the current year and therefore are not reported in the CU's financial stateents:			
Bonds payable	(31,315,000)	(27,070,000)	(132,435,000)
Unamortized discount on bonds payable	1,273,880	1,273,880	22,776
Compensated absences	(52,210)	-	-
Deferred charge on refunding	-	-	304,308
Accrued interest is not due and payable in the current year and therefore is not reported as a liability in the CU's financial statements.	(996,222)	(977,138)	(3,184,928)
Net Position of Component Units	$ 7,141,829	$ (8,222,782)	$ (91,419,252)

	The Colony Economic Development Corporation	The Colony Community Development Foundation	The Colony Local Development Corporation	Total Discretely Presented Component Units
Revenues				
Taxes				
Sales	$ 10,221,064	$ 10,221,065	$ 8,841,724	$ 29,283,853
Intergovernmental	-	-	1,522,060	1,522,060
Investment income	1,190,620	919,453	386,634	2,496,707
Miscellaneous income	1,760	-	-	1,760
Total revenues	11,413,444	11,140,518	10,750,418	33,304,380
Expenditures				
Current				
Economic development	4,389,910	6,774,097	-	11,164,007
Capital outlay	445,959	-	-	445,959
Debt service				
Principal retirement	925,000	475,000	3,175,000	4,575,000
Interest and fiscal charges	2,135,079	2,037,946	6,438,787	10,611,812
Total expenditures	7,895,948	9,287,043	9,613,787	26,796,778
Excess (Deficiency) of Revenues over (under) Expenditures	3,517,496	1,853,475	1,136,631	6,507,602
Net Change in Fund Balance	3,517,496	1,853,475	1,136,631	6,507,602
Fund Balance - October 1 (Beginning)	27,572,456	16,729,975	17,880,819	62,183,250
Fund Balance - September 30 (Ending)	$ 31,089,952	$ 18,583,450	$ 19,017,450	$ 68,690,852

City of The Colony, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities – Component Units (Exhibit F-4)

Year Ended September 30, 2024

	The Colony Economic Development Corporation	The Colony Community Development Foundation	The Colony Local Development Corporation
Net Change in Fund Balances - Component Units (CU)	$ 3,517,496	$ 1,853,475	$ 1,136,631
Amounts reported for CU in the statement of activities are different because:			
The CU report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over the estimated useful lives:			
Capital outlay	445,959	-	-
Depreciation expense	(31,179)	-	-
The issuance of long-term debt (e.g. bonds) provides current financial resources of funds, while the repayment of the principal of long-term debt consumes the current financial resources. The amount is the net effect of these differences in the treatment of long-term debt and related items:			
Bond principal	925,000	475,000	3,175,000
Current year amortization of the costs of discounts on debt issuance and deferred charges on refundings do not require the use of current financial resources; and therefore, not reported as expenditures in governmental funds:			
Amortization of discounts on debt issuance	(67,046)	(67,045)	(2,000)
Amortization of deferred charges on refundings	-	-	(27,664)
Amortization of prepaid insurance	-	-	(110,184)
The payment of compensated absences payable is an expenditure in the governmental funds when paid, but the net change in the accrued liability is recorded to the statement of activities.	8,001	-	-
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in the CU financial statements.	17,646	16,625	47,381
Changes in the deferred outflows of resources, deferred inflows of resources, net pension liability, and total OPEB liability must be recorded as expenses:			
Net pension liability	(166,604)	(54,737)	-
Total OPEB liability	(10,379)	(3,410)	-
Deferred outflows of resources - pension	81,491	26,774	-
Deferred outflows of resources - OPEB	2,085	685	-
Deferred inflows of resources - pension	(2,816)	(925)	-
Deferred inflows of resources - OPEB	(4,144)	(1,361)	-
Change in Net Position of Component Units	$ 4,715,510	$ 2,245,081	$ 4,219,164

STATISTICAL SECTION

STATISTICAL SECTION
(Unaudited)

The City of the Colony's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

		Tables
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-8
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	9-13
Demographic and Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	14-16
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relate to the services the City provides and the activities it performs.	17-18

TABLE 1

CITY OF THE COLONY, TEXAS
NET ASSETS BY COMPONENT
ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023 (as restated)	2024
Governmental activities										
Net investment in capital assets	$ 192,477,376	$ 216,941,085	$ 204,138,146	$ 193,724,440	$ 197,783,498	$ 198,340,131	$ 200,374,394	$ 204,399,731	$ 206,025,047	$ 211,834,115
Restricted for:										
Debt service	1,257,148	1,826,579	1,027,528	902,127	863,999	1,802,592	3,183,352	5,124,388	5,296,697	6,878,981
Construction	367,397	367,397	367,397	-	-	-	-	-	-	-
Capital Projects	578,825	791,860	1,729,804	4,716,830	4,538,583	6,866,640	4,130,506	242,568	9,287,925	809,584
Specific Programs	1,014,418	1,264,226	1,684,065	2,313,497	3,694,856	3,659,079	5,405,009	9,302,645	9,096,902	10,006,842
Unrestricted	10,388,094	17,693,194	8,666,844	8,704,028	5,535,911	8,170,872	10,102,289	15,263,719	28,951,563	30,480,680
Total governmental activities net position	$ 206,083,258	$ 238,884,341	$ 217,613,784	$ 210,360,922	$ 212,416,847	$ 218,839,314	$ 223,195,550	$ 234,333,051	$ 258,658,134	$ 260,010,202
Business-type activities										
Invested in capital assets										
Net investment in capital assets	$ 40,490,252	$ 25,654,373	$ 97,282,865	$ 103,990,659	$ 103,881,697	$ 105,088,143	$ 105,104,266	$ 105,648,298	$ 105,513,597	$ 108,929,168
Restricted for:										
Capital Projects	1,333,988	1,413,437	2,323,551	2,482,944	2,039,020	1,704,315	1,074,088	1,358,869	952,104	2,565,461
Unrestricted	3,890,445	17,934,272	2,128,657	4,887,549	7,666,343	6,525,997	6,542,891	7,990,465	11,523,144	19,054,511
Total business-type activities net position	$ 45,714,685	$ 45,002,082	$ 101,735,073	$ 111,361,152	$ 113,587,060	$ 113,318,455	$ 112,721,245	$ 114,997,632	$ 117,988,845	$ 130,549,140
Primary government										
Invested in capital assets										
Net investment in capital assets	$ 232,967,628	$ 242,595,458	$ 301,421,011	$ 297,715,099	$ 301,665,195	$ 303,428,274	$ 305,478,660	$ 310,048,029	$ 311,538,644	$ 320,763,283
Restricted for:										
Debt service	1,257,148	1,826,579	1,027,528	902,127	863,999	1,802,592	3,183,352	5,124,388	5,296,697	6,878,981
Construction	367,397	367,397	367,397	-	-	-	-	-	-	-
Capital Projects	1,912,813	2,205,297	4,053,355	7,199,774	6,577,603	8,570,955	5,204,594	1,601,437	10,240,029	3,375,045
Specific Programs	1,014,418	1,264,226	1,684,065	2,313,497	3,694,856	3,659,079	5,405,009	9,302,645	9,096,902	10,006,842
Unrestricted	14,278,539	35,627,466	10,795,501	13,591,577	13,202,254	14,696,869	16,645,180	23,254,184	40,474,707	49,535,191
Total primary governmental net position	$ 251,797,943	$ 283,886,423	$ 319,348,857	$ 321,722,074	$ 326,003,907	$ 332,157,769	$ 335,916,795	$ 349,330,683	$ 376,646,979	$ 390,559,342

Source: Comprehensive Annual Financial Report- Exhibit A-1
Note: 2023 restated for correction of an error.

TABLE 2

CITY OF THE COLONY, TEXAS
CHANGES IN NET POSITION
ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023 (as restated)**	**2024**
Expenses										
Governmental activities:										
General government	$ 8,498,744	$ 11,225,704	$ 13,083,945	$ 17,442,292	$ 15,928,203	$ 14,646,729	$ 15,835,564	$ 15,353,052	$ 14,176,393	$ 18,523,136
Public safety	13,702,805	17,950,628	19,078,137	19,917,944	24,524,067	24,600,147	25,340,611	26,743,262	31,659,259	33,148,673
Public works	6,634,461	6,601,440	33,589,099	15,129,445	9,100,156	8,179,035	10,425,482	11,016,099	11,679,662	14,521,855
Culture and recreation	4,945,616	5,171,748	5,504,249	6,011,423	6,377,301	5,979,977	7,818,786	7,391,239	7,786,848	8,504,034
Interest on Long-term Debt	1,552,854	1,390,574	1,731,842	1,729,008	2,254,447	1,717,586	1,825,404	3,087,504	1,733,621	1,447,788
Total governmental activities expenses	35,334,480	42,340,094	72,987,272	60,230,112	58,184,174	55,123,474	61,245,847	63,591,156	67,035,783	76,145,486
Business-type activities:										
Water and sewer	$ 15,332,384	$ 16,750,973	$ 19,040,918	$ 19,670,658	$ 20,447,636	$ 23,452,375	$ 27,240,190	$ 26,625,071	$ 27,072,765	$ 29,933,931
Total business-type activities expenses	15,332,384	16,750,973	19,040,918	19,670,658	20,447,636	23,452,375	27,240,190	26,625,071	27,072,765	29,933,931
Total primary government expenses	$ 50,666,864	$ 59,091,067	$ 92,028,190	$ 79,900,770	$ 78,631,810	$ 78,575,849	$ 88,486,037	$ 90,216,227	$ 94,108,548	$ 106,079,417
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	677,339	3,608,782	1,927,505	2,389,337	2,655,534	2,354,343	3,273,887	2,469,376	3,170,909	3,558,535
Public safety	1,621,361	1,546,836	1,643,454	1,966,757	1,906,360	1,785,388	2,062,419	2,199,583	2,153,663	866,841
Public works	3,308,308	2,213,005	2,292,974	2,245,868	2,045,067	1,790,935	1,558,430	2,819,164	2,030,194	3,350,243
Culture and recreation	758,969	764,819	813,238	821,582	859,582	450,878	888,746	1,097,542	1,119,758	443,974
Operating grants and contributions	5,712,865	3,268,620	2,641,513	103,553	1,846,995	2,779,572	352,792	723,463	894,411	745,364
Capital grants and contributions	11,365,061	25,670,242	10,303,953	10,158,807	5,869,468	5,086,196	6,233,192	4,821,561	14,545,732	11,841,212
Total governmental activities program revenues	23,443,903	37,072,304	19,622,637	17,685,904	15,183,006	14,247,312	14,369,466	14,130,689	23,914,667	20,806,169
Business-type activities:										
Charges for Services:										
Water and sewer	15,210,296	15,959,047	17,724,046	20,009,706	18,885,913	20,656,614	22,386,290	25,610,329	27,426,435	29,399,479
Operating grants and contributions	306,999	307,161	306,545	-	-	-	-	-	-	-
Capital grants and contributions	5,055,328	6,426,313	53,449,568	3,622,560	2,663,115	2,283,690	3,836,581	2,929,119	1,025,239	6,954,214
Total business-type activities program revenues	20,572,623	22,692,521	71,480,159	23,632,266	21,549,028	22,940,304	26,222,871	28,539,448	28,451,674	36,353,693
Total primary government program revenues	$ 44,016,526	$ 59,764,825	$ 91,102,796	$ 41,318,170	$ 36,732,034	$ 37,187,616	$ 40,592,337	$ 42,670,137	$ 52,366,341	$ 57,159,862
Net (Expenses) Revenues										
Governmental activities	(11,890,577)	(5,267,790)	(53,364,635)	(42,544,208)	(43,001,168)	(40,876,162)	(46,876,381)	(49,460,467)	(43,121,116)	(55,339,317)
Business-type activities	5,240,239	5,941,548	52,439,241	3,961,608	1,101,392	(512,071)	(1,017,319)	1,914,377	1,378,909	6,419,762
Total primary government net expenses	$ (6,650,338)	$ 673,758	$ (925,394)	$ (38,582,600)	$ (41,899,776)	$ (41,388,233)	$ (47,893,700)	$ (47,546,090)	$ (41,742,207)	$ (48,919,555)

Source: Comprehensive Annual Financial Report

Note: 2023 restated for correction of an error.

CITY OF THE COLONY, TEXAS
CHANGES IN NET POSITION
ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023 (as restated)**	**2024**
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	$ 17,277,344	$ 21,204,646	$ 24,719,070	$ 27,584,526	$ 31,092,818	$ 34,456,249	$ 36,510,300	$ 38,701,240	$ 38,027,152	$ 34,615,211
Sales taxes	5,294,228	5,736,997	6,357,581	7,100,104	8,090,511	7,442,947	9,721,676	11,426,569	11,812,142	9,990,559
Franchise taxes	2,672,475	2,527,792	2,609,706	2,705,950	2,737,190	2,765,433	2,517,283	2,873,419	2,911,718	5,159,631
Hotel motel taxes	525,449	668,011	1,275,280	1,525,722	1,532,041	849,664	1,044,987	1,937,274	2,356,975	2,538,159
Vehicle Tax	-	-	-	-	-	-	-	-	-	925,917
Penalties and interest	130,513	294,798	125,543	133,895	108,472	114,898	96,423	106,926	152,526	-
Interest on investments	19,660	102,126	256,672	729,690	1,075,171	429,498	26,889	456,215	4,202,359	4,504,997
Miscellaneous	763,871	792,311	838,429	1,521,033	895,376	1,236,307	1,715,059	5,196,325	5,666,513	3,356,911
Transfers	2,004,806	6,742,192	(4,088,203)	(5,397,569)	(474,486)	3,633	(400,000)	(100,000)	(100,000)	(4,400,000)
Total governmental activities	28,688,346	38,068,873	32,094,078	35,903,351	45,057,093	47,298,629	51,232,617	60,597,968	65,029,385	56,691,385
Business-type activities:										
Interest on investments	14,125	88,041	205,547	356,102	650,030	247,099	20,069	262,050	1,183,203	1,740,533
Miscellaneous	-	-	-	-	-	-	-	-	306,118	-
Transfers	(2,004,806)	(6,742,192)	4,088,203	5,397,569	474,486	(3,633)	400,000	100,000	100,000	4,400,000
Total business-type activities	(1,990,681)	(6,654,151)	4,293,750	5,753,671	1,124,516	243,466	420,069	362,050	1,589,321	6,140,533
Total primary government	26,697,665	31,414,722	36,387,828	41,657,022	46,181,609	47,542,095	51,652,686	60,960,018	66,618,706	62,831,918
Change in Net Position										
Governmental activities	23,420,556	32,801,083	(10,450,130)	(7,097,817)	(1,109,507)	6,422,467	12,583,862	11,137,501	21,908,269	1,352,068
Business-type activities	3,950,867	(712,603)	8,255,358	6,855,063	107,197	(268,605)	(597,250)	2,276,427	2,968,230	12,560,295
Total primary government	$ 27,371,423	$ 32,088,480	$ (2,194,772)	$ (242,754)	$ (1,002,310)	$ 6,153,862	$ 11,986,612	$ 13,413,928	$ 24,876,499	$ 13,912,363

Source: Comprehensive Annual Financial Report - Exhibit A-2
Note: 2023 restated for correction of an error.

TABLE 3

CITY OF THE COLONY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023 (as restated)	2024
General Fund										
Reserved for:										
Restricted for tourism	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,385,220	$ 6,099,958	$ -	$ -
Restricted for other	-	-	-	-	-	-	-	-	3,238,248	920,680
Restricted for capital projects	367,397	367,397	367,397	-	-	-	-	-	-	-
Nonspendable	109,169	284,122	313,070	110,389	295,737	527,373	705,043	184,128	184,129	338,248
Unassigned	12,622,396	13,275,540	13,503,540	14,396,285	15,213,908	18,686,206	19,835,324	23,834,380	37,893,987	35,930,912
Total general fund	$ 13,098,962	$ 13,927,059	$ 14,184,007	$ 14,506,674	$ 15,509,645	$ 19,213,579	$ 22,925,587	$ 30,118,466	$ 41,316,364	$ 37,189,840
All Other Governmental Funds										
Restricted for:										
Capital Projects	$ 3,284,839	$ 790,306	$ 1,729,804	$ 20,717,454	$ 18,082,244	$ 19,229,949	$ 20,344,096	$ 23,279,419	$ 20,237,886	$ 809,584
Debt Service	1,390,478	1,922,262	1,133,536	1,159,562	1,183,290	2,159,398	3,442,104	5,416,036	5,593,826	7,124,759
Other	801,546	1,261,149	1,681,336	2,313,497	3,694,856	3,659,079	3,019,789	3,202,687	5,858,654	9,086,162
Committed	5,566,517	10,688,119	11,099,306	1,386,721	963,305	1,051,469	1,277,449	1,658,047	2,152,265	2,873,657
Nonspendable	-	5,565	5,294	931	13,532	1,032	1,032	816	816	816
Unassigned	(1,230,851)	-	-	-	(20,716)	-	-	(22,402)	-	-
Total all other governmental funds	$ 9,812,529	$ 14,667,401	$ 15,649,276	$ 25,578,165	$ 23,916,511	$ 26,100,927	$ 28,084,470	$ 33,534,603	$ 33,843,447	$ 19,894,978

Source: Comprehensive Annual Financial Report -Exhibit A-3

Note: The City implemented GASB Statement No. 54, which impacted both the classifications of funds and classifications of balances within the funds, in 2011.

Note: 2023 restated for correction of an error.

TABLE 4

CITY OF THE COLONY, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Ad valorem taxes, penalties and interest	$ 17,708,151	$ 21,257,383	$ 24,665,737	$ 28,073,387	$ 31,208,682	$ 34,517,810	$ 36,550,929	$ 38,792,035	$ 43,999,806	$ 34,578,872
Franchise taxes	2,672,475	2,527,792	2,609,706	2,705,950	2,737,190	2,765,433	2,517,283	2,873,419	2,911,718	5,159,631
Municipal sales tax	5,294,228	5,736,997	6,357,581	7,100,104	8,090,511	7,442,947	9,721,676	11,426,569	11,812,142	10,916,476
Licenses and permits	4,076,413	3,113,013	3,150,756	3,183,516	3,328,364	3,203,525	3,259,282	4,515,248	3,721,083	3,731,469
Charges for services	1,248,868	4,150,248	2,672,368	3,245,584	3,267,327	2,478,974	3,687,233	2,900,182	3,445,900	3,500,275
Fines and forfeitures	1,040,696	870,181	854,047	984,744	891,132	704,360	836,303	1,164,987	994,113	908,651
Grants	326,685	316,672	412,631	102,554	339,562	2,779,166	352,504	458,246	894,159	2,042,307
Gifts and contributions	5,881,783	3,252,323	2,445,113	4,712,701	3,686,808	3,889,559	1,242,904	1,618,088	702,620	58,260
Hotel / motel taxes	525,449	668,011	1,275,280	1,525,722	1,532,041	849,664	1,044,987	1,937,274	2,356,975	2,538,159
Recreation fees	-	-	-	-	-	-	-	-	-	-
Capital recovery fees	1,090,071	2,518,123	1,495,213	905,300	856,880	-	-	5,906	12,616,477	5,256,187
Interest earned	19,660	102,126	256,672	729,690	1,075,171	429,498	26,889	456,215	4,202,359	4,504,997
Miscellaneous	770,156	792,311	838,429	1,521,033	2,982,496	1,236,607	1,715,059	5,196,325	5,666,513	3,356,911
Total revenues	40,654,635	45,305,180	47,033,533	54,790,285	59,996,164	60,297,543	60,955,049	71,344,494	93,323,865	76,552,195
EXPENDITURES										
Current										
General government	4,738,905	7,739,892	9,005,102	12,787,913	12,251,044	10,433,755	11,611,036	11,204,338	13,705,399	12,188,829
Public safety	13,950,864	15,162,864	16,904,990	18,538,271	22,225,377	22,666,732	24,497,318	26,857,472	29,700,280	31,838,006
Public works	3,204,557	3,480,223	4,119,371	3,955,801	5,312,936	4,599,940	6,243,114	7,408,957	8,111,867	12,524,746
Cultural and recreation	4,435,393	4,473,519	4,803,444	5,370,608	5,621,488	5,105,872	7,035,533	6,763,364	6,839,325	7,463,111
Fleet replacement										
Economic development										
Capital Outlay	20,723,176	9,801,947	12,722,830	8,985,109	19,677,151	7,750,112	6,059,106	12,467,022	15,849,955	18,064,954
Debt Service:										
Principal retirement	4,255,146	3,985,693	3,945,295	4,485,630	6,785,263	5,675,101	5,377,101	5,622,134	5,304,137	5,944,935
Interest and fiscal charges	1,638,941	1,485,036	1,885,328	2,044,983	2,355,272	1,993,814	2,259,386	2,244,482	2,703,877	2,461,145
Other debt service costs	55,015	272,250	269,732	194,643	148,434	186,184	147,333	246,198		
Total expenditures	53,001,997	46,401,424	53,656,092	56,362,958	74,376,965	58,411,510	63,229,927	72,813,967	82,214,840	90,485,726
Excess (deficiency) of revenues over (under) expenditures	(12,347,362)	(1,096,244)	(6,622,559)	(1,572,673)	(14,380,801)	1,886,033	(2,274,878)	(1,469,473)	11,109,025	(13,933,531)
OTHER FINANCING SOURCES (USES)										
Issuance of debt	3,040,800	-	9,204,000	12,726,000	13,242,170	9,652,460	7,587,000	13,394,495	-	-
Issuance of refunding debt	-	9,023,150	-	-	-	9,652,460	-	-	-	-
Payment of escrow for refunding debt	-	(9,623,402)	-	-	-	1,708,838	-	-	-	-
Premium on issuance of debt	250,945	637,273	-	533,188	954,434	(7,326,614)	783,429	817,990	-	-
Proceeds from sale of capital assets	935,000	-	731,402	-	-	-	-	-	360,919	-
Transfers from other funds	5,277,829	14,488,155	3,332,936	13,769,908	890,075	3,172,092	797,271	832,584	2,511,617	1,454,000
Lease Proceeds	-	-	-	-	-	-	-	-	-	205,487.00
Subscription IT proceeds	-	-	-	-	-	-	-	-	-	53,051
Transfers to other funds	(3,273,023)	(7,745,963)	(5,406,936)	(15,204,867)	(1,364,561)	(3,168,459)	(1,197,271)	(932,584)	(2,611,617)	(5,854,000)
Total other financing sources (uses)	6,231,551	6,779,213	7,861,402	11,824,229	13,722,118	13,690,777	7,970,429	14,112,485	260,919	(4,141,462)
NET CHANGE IN FUND BALANCES	$ (6,115,811)	$ 5,682,969	$ 1,238,843	$ 10,251,556	$ (658,683)	$ 15,576,810	$ 5,695,551	$ 12,643,012	$ 11,369,944	$ (18,074,993)
Debt service as a percentage of noncapital expenditures	18.3%	14.9%	14.2%	13.8%	16.7%	15.1%	13.4%	13.0%	12.1%	11.6%

Source: Comprehensive Annual Financial Report - Exhibit A-5

TABLE 5

CITY OF THE COLONY, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Residential Property	Commercial Property	Lots, Land and Farm Property	Less: Tax Exempt Property	Total Taxable Assessed Value [a]	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value [b] as a Percentage of Actual Value
2015	$ 1,825,181,743	$ 1,096,166,239	$ 99,116,629	$ 395,343,379	$ 2,625,121,232	$ 0.67250	$ 2,625,121,232	100.00%
2016	2,049,580,033	1,366,491,362	80,496,674	396,069,625	3,100,498,444	0.67000	3,100,498,444	100.00%
2017	2,402,844,301	1,657,374,018	79,968,769	522,157,525	3,618,029,563	0.66750	3,618,029,563	100.00%
2018	2,759,088,028	1,754,755,888	73,977,449	513,136,124	4,074,685,241	0.66500	4,074,685,241	100.00%
2019	3,163,815,052	1,818,858,009	67,568,663	524,193,007	4,526,048,717	0.66250	4,526,048,717	100.00%
2020	3,457,125,117	2,203,156,158	57,600,863	550,243,309	5,167,638,829	0.66000	5,167,638,829	100.00%
2021	3,701,008,231	2,496,989,390	57,945,301	530,447,361	5,725,495,561	0.65000	5,725,495,561	100.00%
2022	4,085,351,290	2,445,254,616	61,456,182	624,848,874	5,967,213,214	0.65000	5,967,213,214	100.00%
2023	5,035,625,474	2,797,303,701	46,814,123	1,065,136,128	6,814,607,170	0.64500	6,814,607,170	100.00%
2024	6,116,247,893	3,063,762,408	49,262,359	1,431,867,611	7,797,405,049	0.63500	7,797,405,049	100.00%

Source: City of The Colony Budget Document - Ad Valorem Tax Assessment Summary
Denton Central Appraisal District

Note: The County assesses property at 100% of its market value. Tax rates are per $100 of assessed value.

a Includes adjustments to certified rolls.
b Includes tax exempt property.

TABLE 6

CITY OF THE COLONY, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS (UNAUDITED)

	City Direct Rates			Overlapping Rates	
Fiscal Year	General Operating/ General Rate	General Obligation Debt Service	Total Direct	Lewisville Independent School District	Denton County
2015	$ 0.4763	$ 0.1962	$ 0.6725	$ 1.4770	$ 0.2722
2016	0.5104	0.1596	0.6700	1.4200	0.2620
2017	0.5642	0.1033	0.6675	1.4200	0.2484
2018	0.5150	0.1500	0.6650	1.4080	0.2378
2019	0.5025	0.1600	0.6625	1.3380	0.2256
2020	0.4955	0.1645	0.6600	1.3470	0.2250
2021	0.4950	0.1600	0.6550	1.3090	0.2331
2022	0.4900	0.1600	0.6500	1.2368	0.2175
2023	0.5400	0.1050	0.6450	1.1301	0.2175
2024	0.4812	0.1538	0.6350	1.1178	0.1895

Source: Lewisville ISD and Denton County Tax Analysis
The Colony Budget Book : Property Tax Distribution Calculation page

TABLE 7

CITY OF THE COLONY, TEXAS
PRINCIPAL TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

	2024 [a]			2015		
Taxpayer	**Assessed Value**	**Rank**	**Taxable Assessed Value [a]**	**Assessed Value**	**Rank**	**Taxable Assessed Value [a]**
LMG Ventures LLC	$ 125,170,957	1	1.61%			
TXFM Inc	121,275,000	2	1.56%			
Austin Ranch Phase VI Investors LLC	98,000,000	3	1.26%			
Icon The Colony Land Owner Pool 2 LLC	96,931,330	4	1.24%			
Hudson MF LLC	94,900,000	5	1.22%			
LMG Ventures LLC	93,381,012	6	1.20%			
The Residences of Lake District No 1 LTD	91,185,043	7	1.17%			
AR Phase 1 LLC	85,000,000	8	1.09%			
AR NO.5 LLC	81,847,893	9	1.05%			
AR Phase 2 LLC	77,000,000	10	0.99%			
TXFM Inc	-		0.00%	$ 121,602,740	1	4.63%
Nebraska Furniture Mart	-		0.00%	60,136,419	2	2.29%
Austin Ranch Phase VI Investors LLC	-		-	57,000,000	3	2.17%
AR NO.5 LLC	-		-	54,994,587	4	2.09%
The Residences of Austin Ranch #4 M LLC	-		-	48,000,000	5	1.83%
AR Phase 1 LLC	-		-	47,000,000	6	1.79%
The Residences of Austin Ranch #3 M LLC	-		-	41,500,000	7	1.58%
AR Phase 2 LLC	-		-	41,500,000	8	1.58%
Somerset Land LTD	-		-	30,164,664	9	1.15%
GS Sonoma Grand LP	-		-	27,503,843	10	1.05%
	$ 964,691,235		12.37%	$ 529,402,253		20.17%

Source: Denton Central Appraisal District. - https://www.dentoncad.com/certified-totals/

Note: [a] Taxpayers are assessed on January 1, 2023 (2023 tax year) for the 2024 fiscal year.

TABLE 8

CITY OF THE COLONY, TEXAS
AD VALOREM TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	$ 17,809,441	$ 17,649,319	99.10%	$ 88,356	$ 17,737,675	99.60%
2016	21,051,346	20,697,081	98.32%	293,538	20,990,619	99.71%
2017	24,599,951	24,136,260	98.12%	379,006	24,515,266	99.66%
2018	28,111,210	27,611,357	98.22%	340,693	27,952,050	99.43%
2019	31,414,540	30,872,909	98.28%	122,502	30,995,410	98.67%
2020	34,891,826	34,299,463	98.30%	170,693	34,470,156	98.79%
2021	36,720,735	36,419,012	99.18%	21,602	36,440,614	99.24%
2022	39,049,061	38,680,354	99.06%	(16,525)	38,663,828	99.01%
2023	43,942,382	43,485,132	98.96%	329,220	43,814,352	99.71%
2024 [a]	49,169,659	48,549,479	98.74%	(102,671)	48,446,808	98.53%

Source: Denton County Tax Assessor and Collector

Note: a Taxpayers are assessed on January 1, 2023 (2023 tax year) for the 2024 fiscal year.

TABLE 9

CITY OF THE COLONY, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)

	Governmental Activities				Business-Type Activities					
Fiscal Year	Obligation Bonds	Certificates of Obligation	Other Obligations	Premiums/ Discounts	Water and Revenue Bonds	Other Obligations	Premiums/ Discounts	Total Primary Government	of Personal Income [a]	Per Capita [a]
2015	$ 18,087,560	$ 19,947,850	$ 849,154	$ 1,847,216	-	$ 52,177,845	$ 4,012,577	$ 96,922,202	5.88%	$ 2,154
2016	19,344,210	14,765,000	767,611.00	2,106,044	-	59,333,395	4,130,875	100,447,135	6.09%	2,271
2017	16,580,250	22,872,150	683,127.00	2,592,781	-	63,537,195	4,434,849	110,700,352	6.93%	2,621
2018	15,711,300	37,356,650	595,597.00	3,260,811	-	56,917,050	3,724,154	117,565,562	7.23%	2,793
2019	11,518,300	46,861,850	1,740,304	3,808,516	-	59,489,850	3,889,886	127,308,706	7.21%	2,854
2020	12,988,300	39,038,100	1,227,460	5,449,889	-	66,366,846	5,398,212	130,468,807	7.39%	2,925
2021	16,406,504	47,832,600	698,539	4,917,141	-	67,209,796	4,878,969	141,943,549	5.67%	2,568
2022	10,288,768	55,142,250	1,526,949	6,025,409	-	62,133,982	4,895,372	140,012,730	6.14%	3,032
2023	8,349,797	52,291,100	240,193	5,438,485	-	56,399,103	4,360,388	127,079,066	5.57%	2,752
2024	6,564,210	49,392,450	6,612,176	4,434,924	-	50,463,340	3,990,604	121,457,704	5.38%	2,657

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a] See Table 14 for personal income and population data.

TABLE 10

CITY OF THE COLONY, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (UNAUDITED)

	Governmental Activities							
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations	Premium/ Discount	Less: Debt Service	Total	Percentage Taxable Value of Property [a]	Per Capita [b]
2015	$ 18,087,560	$ 19,947,850	$ -	$ 1,847,216	$ 1,257,148	$ 38,625,478	1.50%	877
2016	19,344,210	14,765,000	-	2,106,044	1,826,579	34,388,675	1.13%	795
2017	16,580,250	22,872,150	-	2,592,781	1,027,528	41,017,653	1.15%	988
2018	15,711,300	37,356,650	-	3,260,811	902,127	55,426,634	1.37%	1,331
2019	11,518,300	46,861,850	-	3,808,516	863,999	61,324,667	1.39%	1,414
2020	15,406,504	40,245,600	-	4,463,515	2,159,398	57,956,221	1.15%	1,327
2021	12,823,723	45,567,200	-	4,695,639	3,183,352	59,903,210	1.12%	1,168
2022	10,288,768	55,142,250	-	6,025,409	5,124,388	66,332,039	1.11%	1,437
2023	8,349,797	52,291,100	-	5,438,485	5,296,697	60,782,685	0.89%	1,316
2024	6,564,210	49,392,450	-	4,434,924	6,878,981	53,512,603	0.69%	1,171

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[a] See Table 5 for property value data.

[b] See Table 14 for population data.

TABLE 11

CITY OF THE COLONY, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Tax Rate Limit	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Current Tax Rate	0.673	0.670	0.668	0.665	0.663	0.660	0.655	0.650	0.645	0.635
Available Tax Rate	$ 1.83	$ 1.83	$ 1.83	$ 1.84	$ 1.84	$ 1.84	$ 1.84	$ 1.85	$ 1.86	$ 1.87

Note: The City Charter of the City of The Colony, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to $2.50 per $100 assessed valuation. No direct bond debt

TABLE 12

CITY OF THE COLONY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
SEPTEMBER 30, 2024 (UNAUDITED)

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable [a]	The Colony Share of Overlapping Debt
Lewisville I.S.D.	$ 1,553,970,978	10.89%	$ 169,253,434
Little Elm I.S.D.	593,525,874	19.25%	114,225,311
Denton County	688,505,000	4.33%	29,809,987
	2,836,001,852		313,288,731
City of The Colony (direct debt)	100,060,855	100.00%	100,060,855
Total direct and overlapping debt	$ 2,936,062,707		$ 413,349,586

Source: Assessed value data used to estimate applicable percentages provided by Denton Central Appraisal District. Debt outstanding data provided by each governmental unit.

[a] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

TABLE 13

CITY OF THE COLONY, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS (UNAUDITED)

	Water and Sewer System Revenue Bonds				
Fiscal Year	**Total Revenues[a]**	**Less: Operating Expenses[b]**	**Net Available Revenue**	**Annual Requirement[c]**	**Times Coverage**
2015	$ 16,676,674	$ 10,358,961	6,317,713	$ 1,865,816	3.39
2016	16,354,249	11,636,866	4,717,383	2,840,353	1.66
2017	18,236,138	12,543,069	5,693,069	3,263,180	1.74
2018	20,365,808	12,730,553	7,635,255	3,088,754	2.47
2019	19,535,943	13,386,788	6,149,155	2,158,400	2.85
2020	20,903,713	15,514,368	5,389,345	2,159,669	2.50
2021	22,406,359	19,219,467	3,186,892	4,377,433	0.73
2022	25,872,379	18,706,641	7,165,738	4,414,115	1.62
2023	28,609,638	19,197,584	9,412,054	4,751,681	1.98
2024	31,140,012	20,901,248	10,238,764	4,730,053	2.16

Note: a Includes operating and non-operating revenues.
b Includes operating expenses minus depreciation.
c Includes Principal and Interest.

TABLE 14

CITY OF THE COLONY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS (UNAUDITED)

Year	Estimated Population[a]	Personal Income	Per Capita Personal Income[b]	Median Age[b]	Median Household Income[b]	School Enrollment[c]	Unemployment Rate [d]
2015	45,000	$ 1,652,040,000	$ 36,712	35	$ 74,162	6,739	3.2%
2016	44,228	1,648,067,964	37,263	35.5	93,076	6,718	3.5%
2017	42,228	1,597,147,416	37,822	35.5	103,677	6,656	3.4%
2018	42,228	1,630,676,448	38,616	34.9	103,677	6,451	3.3%
2019	44,610	1,766,065,290	39,589	35.5	107,620	6,250	3.1%
2020	44,610	1,766,065,290	39,589	35.5	107,620	6,031	3.3%
2021	44,534	2,015,475,238	45,257	35.7	87,748	5,712	3.9%
2022	46,176	2,280,032,352	49,377	34.9	110,760	6,755	3.4%
2023	45,717	2,257,368,309	49,377	36	118,686	6,310	3.9%
2024	45,705	2,256,775,785	49,377	37.2	134,764	6,058	4.1%

Sources: a Estimated Population - City of The Colony - Demographic & Economic Statistics from Budget Book
b Per Capital Income, Median Age & Median Household Income - City of The Colony Economic Development Corporation
c School enrollment - Texas Education Agency - https://rptsvr1.tea.texas.gov/adhocrpt/adste.html
d Unemployment - Texas Workforce Commission

Note: Personal income is calculated by multiplying estimated population by per capita personal income. And Per Capita is Personal income divided by estimated population.

TABLE 15

CITY OF THE COLONY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO (UNAUDITED)

	2024			2015		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Nebraska Furniture Mart	1,750	1	6.42%	2,200	1	4.60%
Lewisville ISD	687	2	2.52%	690	2	3.17%
Scheels	510	3	1.87%			
City of The Colony	469	4	1.72%	387	4	1.78%
Wal-Mart	355	5	1.30%	353	5	1.62%
Top Golf	320	6	0.81%	450	3	2.07%
Hawaiian Falls	208	7	0.76%	230	6	0.92%
Quest Resource Mgmt	149	8	0.71%	120	8	
Home Depot	146	9	0.51%	112	9	0.51%
Andretti's	133	10	0.44%			
Williams Sonoma				170	7	0.78%
Edward Don				100	10	0.48%
	4,727		17.06%	4,812		15.93%

Source: Finance Direct Calls to Employers

TABLE 16

CITY OF THE COLONY, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government	30	31	34	34	38	32	34	34	35	37
Public safety	142	151	165	174	187	198	204	219	215	216
Public works	42	45	47	49	59	52	53	60	61	62
Culture and recreation	38	38	35	35	37	41	41	42	59	61
Water/wastewater/ Utilities	37	37	40	40	38	47	49	51	52	56
Total	289	302	321	332	359	370	381	406	422	432

Sources: City of The Colony Budget Document- Authorized Funded Positions

TABLE 17

CITY OF THE COLONY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
Function/Program	**2015**	**2016**	**2017**	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Police										
Number of police officers	58	60	60	6	72	74	79	79	86	86
Number of violations (citations)	5,932	13,935	13,986	15,232	11,718	5,742	5,080	14,105	5,555	4,713
Municipal Court										
Number of traffic cases	6,979	5,298	9,480	11,264	11,264	2,888	4,519	5,174	4,082	4,325
Number of city ordinance cases	404	226	805	860	860	132	141	272	266	181
Fire										
Number of fire fighters	58	58	64	78	66	64	71	72	77	79
Number of paramedics	-	-	-	-	16	18	14	18	18	18
Number of emergency fire responses	864	864	860	909	894	867	1,358	1,588	1,306	1,558
Number of medical emergencies	2,127	2,127	2,365	2,370	2,425	2,443	2,773	3,102	3,214	3,114
Development Services										
Total number of building permits[a]	272	277	2,556	4,127	4,216	2,394	3,219	3,219	2,058	2,107
Estimated valuation[a]	$ 173,859,498	$ 127,234,464	$ 213,756,755	$ 271,621,030	$ 394,232,000	$ 47,041,844	$ 68,718,187	$ 68,718,187	$ 108,669,341	$ 109,563,107
Parks and Recreation										
Number of acres	$983	$983	$983	$983	$983	$983	$984	$984	1,004	1,020
Number of recreation center participants	50,654	52,424	41,595	44,789	44,789	26,843	43,350	42,850	31,771	50,965
Library										
Volumes in collection[b]	115,256	117,538	111,150	121,926	93,919	97,716	92,918	115,560	104,839	94,202
Number of library cardholders	18,498	18,042	17,291	16,725	19,101	20,534	21,770	23,127	25,742	26,716
Water and wastewater										
Number of water accounts	12,532	12,893	13,285	13,626	13,864	14,161	14,335	14,660	14,716	15,045
Average daily water consumption (millions of gallons)	5	5	5	5	5	5	5	8	6	7
Average daily effluent (millions of gallons)	3	3	1,070	1	1	1	1	3	3	4

Sources: City Departments
Notes: a Includes residential and commercial permits
b Includes books and media.

TABLE 18

CITY OF THE COLONY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
Function/Program	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Public Safety										
Fire Stations	3	3	3	3	4	4	4	4	5	5
Police Stations	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Parks and Recreation										
Number of parks	27	27	27	27	27	27	27	27	27	27
Number of baseball diamonds	11	11	11	11	11	15	15	15	15	15
Number of soccer/football fields	16	16	16	16	16	15	15	15	15	15
Public swimming pools	2	2	2	2	2	2	2	2	3	3
Community centers	1	1	1	1	1	1	1	1	2	2
Library	1	1	1	1	1	1	1	1	1	1
Water and wastewater										
Water mains (miles)	212	216	194	195	199	201	203	203	196	203
Sanitary sewer mains (miles)	210	213	206	207	210	212	214	214	151	155
Fire hydrants	1,637	1,680	1,795	1,824	1,850	1,925	1,955	1,955	1,934	2,044

Sources: City Departments

Federal Awards Reports in Accordance with the Uniform Guidance
September 30, 2024

City of The Colony, Texas

City of The Colony, Texas

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September 30, 2024

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Mayor and
Members of the City Council
City of The Colony, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of the City of The Colony, Texas (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 12, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Abilene, Texas
March 12, 2025

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Mayor and
Members of the City Council
City of The Colony, Texas

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited City of The Colony, Texas's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2024. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 12, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Ede Bailly LLP

Abilene, Texas
March 12, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
Federal Awards			
Department of Justice			
Direct Program			
Bulletproof Vests Partnership Program	16.607	N/A	$ 25,575
Passed through the City of Denton			
Edward Byrne Memorial Justice Assistance Grant	16.738	O-BJA-2023-171790	12,876
Total Department of Justice			38,451
Department of Treasury			
Direct Program			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds Program	21.027	N/A	894,976
Total Department of Treasury			894,976
Total Federal Financial Assistance			$ 933,427

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of The Colony, Texas, under programs of the federal government for the year ended September 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City.

Note B – Summary of Significant Accounting Principles

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal expenditures were accounted for in the General Fund and Special Revenue Funds, components of the Governmental Fund type, using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant. No federal awards have been provided to a subrecipient.

Note C – Indirect Cost Rate

The City is not eligible to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance because the City has previously received a negotiated indirect cost rate for its federal awards.

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516 (a):	No

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
COVID-19 Coronavirus State and Local Fiscal Recovery Funds Program	21.027

Dollar threshold used to distinguish between type A and type B programs for federal awards:	$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2024-001:	Preparation of Financial Statements, Restatement, and Material Audit Adjustments
Type of Finding:	Material Weakness
Criteria:	Management of the City is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the fair presentation of the financial statements that are free from material misstatement in a timely manner.
Condition:	The internal control structure of the City has focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains deficiencies which resulted in certain material entries recorded to capital assets, receivables, unearned revenue, payables, revenue, and prepaid assets that were detected as a result of audit procedures. Additionally, the District recorded adjustments to restate beginning fund balance and net position, which if not recorded, would have resulted in misstatement of the District's financial statements in accordance with generally accepted accounting principles.
Cause:	The City does not prepare and has not developed an internal control system to provide for the timely preparation of the financial statements and related disclosures in a timely manner. Additionally, the City's fixed asset subledger did not reconcile to the 2023 ACFR.
Effect:	The preparation of financial statements may result in financial statements and related information included in financial statement disclosures not being available or accurate for management purposes as timely and accurate as it would be if the financial statements were prepared by the City.
Recommendations:	Auditing standards require that auditors communicate this deficiency; however, the City prepares budgetary and other financial reports for Board review on a routine basis, similar to many smaller governmental entities. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.
View of Responsible Officials:	Refer to the Corrective Action Plan

Finding 2024-002:	Reconciliations and Monthly Close Process
Type of Finding:	Material Weakness
Criteria:	Management of the City is responsible for preparing monthly reconciliations for all accounts on a timely basis as part of its monthly close process.
Condition:	The City did not prepare monthly reconciliations for all accounts during the period under audit.
Cause:	The City had not prepared an internal control system that included a monthly reconciliation for all accounts.
Effect:	The lack of monthly reconciliations for all accounts increases the risk that a material misstatement of the financial statements could occur.
Recommendations:	Management should implement a monthly reconciliation process for all accounts.
View of Responsible Officials:	Refer to the Corrective Action Plan

Section III – Federal Award Findings and Questioned Costs

The audit disclosed no findings or questioned costs required to be reported.

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings
September 30, 2024
Prepared by Management of

City of The Colony, Texas

No prior audit findings noted.

Finding 2024-001

Finding Summary:	The internal control structure of the City failed to identify certain material entries related to capital assets, receivables, unearned revenue, payables, revenue and prepaid assets that were detected as a result of audit procedures during the current fiscal year. Additionally, the City recorded adjustments to restate beginning fund balance and net position, which if not recorded, would have resulted in a misstatement of the City's financial statements.
Responsible Individuals:	Tim Miller, Assistant City Manager
Corrective Action Plan:	The City implemented review and reconciliation measures to avert future oversights and ensure that transactions are timely recorded to prevent future misstatements. The City has also added additional staff to assist specifically with fixed assets and capital items.
Anticipated Completion Date:	October 2024

Finding 2024-002

Finding Summary:	The internal control structure of the City did not include procedures to prepare monthly reconciliations for all accounts on a timely basis as part of its monthly close process.
Responsible Individuals:	Tim Miller, Assistant City Manager
Corrective Action Plan:	City management has implemented procedures to require monthly reconciliations for all accounts.
Anticipated Completion Date:	October 2024

Financial Statements
September 30, 2024

The Colony Local Development Corporation

A Component Unit of the City of the Colony, Texas

The Colony Local Development Corporation

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September 30, 2024

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
The Colony Local Development Corporation
The Colony, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of The Colony Local Development Corporation (the Corporation), a component unit of the City of the Colony, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Colony Local Development Corporation, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Correction of Error

As discussed in Note 8 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for prepaid assets as of September 30, 2023 were discovered by management of the Corporation during the current year. Accordingly, a restatement has been made to governmental activities net position as of October 1, 2023 to correct the error. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance *with Government Auditing Standards*, we have also issued our report dated March 12, 2025 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Abilene, Texas
March 12, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of The Colony Local Development Corporation (the "LDC"), we offer readers of the LDC's financial statements this narrative overview and analysis of the financial activities of the LDC for the fiscal year ended September 30, 2024. The LDC was formed to finance projects located within The Colony Tax Increment Reinvestment Zone Number One, under the Tax Increment Financing Act.

FINANCIAL HIGHLIGHTS

- The liabilities of the LDC exceeded the sum of its assets and deferred outflows of resources at the close of the fiscal year ended September 30, 2024, by $91,419,252 (net deficit).
- At the end of the current fiscal year, the governmental funds reported an ending fund balance of $19,017,450, an increase of $1,136,631 from the previous year.
- During the current fiscal year, the Corporation identified that prepaid insurance recorded upon issuance of the 2013 revenue bonds had not been amortized. Accordingly, prepaid assets was overstated by $926,361. For additional information, see Note 8 of the notes to the financial statements for further information.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the LDC's basic financial statements. The LDC's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the LDC's finances in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of the LDC's assets and deferred outflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the LDC is improving or deteriorating.

The *Statement of Activities* presents information showing how the LDC's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The LDC uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements include one fund, the General Fund, which is used to account for principal and interest payments, economic development activities, and the cost of public improvements.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The LDC does not have any proprietary or fiduciary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 15 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2024, the LDC's net position was $91,419,252 (net deficit), an increase of $4,219,164 from the previous year, as restated. There was a decrease in current year sales tax revenues of $305,374. Current year expenses decreased by $910,940 that was primarily due to a decrease in debt service expenses. The following table reflects the condensed Statement of Net Position:

The Colony Local Development Corporation's Net Position

	Governmental Activities	
	2024	2023 (as restated)
Current and other assets	$ 21,561,681	$ 20,535,234
Capital assets	22,321,911	22,321,911
Total assets	43,883,592	42,857,145
Deferred charge on refundings	304,308	331,972
Total deferred outflows of resources	304,308	331,972
Current liabilities	6,564,928	3,242,309
Long-term liabilities	129,042,224	135,585,224
Total liabilities	135,607,152	138,827,533
Net position(deficit)		
Investment in capital assets	22,321,911	(113,263,313)
Unrestricted	(113,741,163)	17,624,897
Total net position(deficit)	$ (91,419,252)	$ (95,638,416)

Analysis of the LDC's Operations

The Colony Tax Increment Reinvestment Zone Number One was established in November 2011. LDC was established shortly thereafter as the primary governing body for funding Tax Increment Reinvestment Zone Number One public infrastructure. Performance agreements between the Local Development Corporation and the developer, NFM Services, commenced also in November 2011 and will terminate on the 75th anniversary of the date in which the City collects its first sales tax dollar from the Facility.

Tax Increment Contract Bonds were issued in February 2013 by the City of The Colony, The Colony Economic Development Corporation, The Colony Community Development Corporation, and LDC totaling $201,400,000. The LDC's debt issuances in fiscal year 2013 totaled $142,080,000. The remaining debt was issued by The Colony Economic Development Corporation and Community Development Corporation. These bonds were issued to fund the Tax Increment Reinvestment Zone Number One public infrastructure projects and financing until the Tax Increment Reinvestment Zone Number One can generate sufficient sales and property tax revenues for debt service payments.

$8,841,724 of this tax revenue was allocated to The Colony Local Development Corporation. In addition, the LDC received $1,522,060 of incremental property taxes under the tax increment participation agreement.

The Colony Local Development Corporation's Change in Net Position

	Governmental Activities	
	2024	2023 (as restated)
Revenues		
General revenues		
Sales taxes	$ 8,841,724	$ 9,147,098
Investment earnings	386,634	225,735
Program revenue:		
Operating grants and contributions	1,522,060	281,800
Total revenues	10,750,418	9,654,633
Expenses:		
Interest and fiscal charges	6,531,254	7,442,194
Total expenses	6,531,254	7,442,194
Change in net position	4,219,164	2,212,439
Net position(deficit), beginning, as restated	(95,638,416)	(97,850,855)
Net position(deficit), ending	$ (91,419,252)	$ (95,638,416)

FINANCIAL ANALYSIS OF THE LDC'S FUNDS

Governmental Funds

The focus on the LDC's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the LDC's financing requirements.

At the end of the current fiscal year, the LDC's governmental fund reported ending fund balances of $19,017,450, an increase of $1,136,631 from the prior year. This increase is primarily due to $1,240,260 more municipal sales tax revenue recognized than in the prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Long-term Debt. At year-end, the LDC had total bonded debt outstanding of $132,435,000, which is backed by the full faith and credit of the LDC. The debt will be paid from real property and sales and use taxes attributable to the Tax Increment Reinvestment Zone Number One. There was no new debt issued in fiscal year 2024. Refer to Note 4 of the financial statements for additional information on long-term debt.

THE COLONY LOCAL DEVELOPMENT CORPORATION OUTSTANDING DEBT

Tax Increment Contract Revenue Bonds	$ 132,435,000	$ 135,610,000
Less: Discount on bonds	(22,776)	(24,776)
Total Long-term Liabilities	$ 132,412,224	$ 135,585,224

Capital Assets. The LDC's investment in capital assets as of September 30, 2024, amounts to $22,321,911 and consists solely of land. Refer to Note 3 of the financial statements for additional information on capital assets.

THE COLONY LOCAL DEVELOPMENT CORPORATION CAPITAL ASSETS

	2024	2023
Land	$ 22,321,911	$ 22,321,911
Total Land	$ 22,321,911	$ 22,321,911

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, investors and creditors with a general overview of the LDC's finances. If you have questions about this report or need additional financial information, contact the Finance Department, City of The Colony, 6053 Main Street, The Colony, Texas 75056.

The Colony Local Development Corporation
Statement of Net Position
September 30, 2024

Assets	
Current Assets	
Cash and cash equivalents	$ 7,290,432
Restricted cash and cash equivalents	11,737,018
Prepaid items	2,534,231
Total current assets	21,561,681
Noncurrent Assets	
Nondepreciable capital assets	22,321,911
Total capital assets, net	22,321,911
Total noncurrent assets	22,321,911
Total assets	43,883,592
Deferred Outflows of Resources	
Deferred charge on refunding	304,308
Total deferred outflows	304,308
Liabilities	
Current Liabilities	
Accrued liabilities	10,000
Accrued interest payable	3,184,928
Bond payable, current portion	3,370,000
Total current liabilities	6,564,928
Noncurrent Liabilities	
Bond payable, net of current portion	129,042,224
Total noncurrent liabilities	129,042,224
Total liabilities	135,607,152
Net Position	
Investment in capital assets	22,321,911
Unrestricted	(113,741,163)
Total net position	$ (91,419,252)

Function/Program	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental Activities			
Economic Development			
Interest expense	6,531,254	-	(6,531,254)
Total governmental activities	$ 6,531,254	$ -	(6,531,254)
General Revenues			
Sales taxes			8,841,724
Intergovernmental			1,522,060
Interest income			386,634
Total general revenues			10,750,418
Change in net position			4,219,164
Net position, beginning, as previously reported			(94,712,055)
Prior period adjustment (Note 8)			(926,361)
Net position, beginning, as restated			(95,638,416)
Net position, end of year			$ (91,419,252)

The Colony Local Development Corporation
Governmental Funds Balance Sheet
September 30, 2024

	General Fund
Assets	
Cash and cash equivalents	$ 7,290,432
Restricted cash and cash equivalents	11,737,018
Total assets	$ 19,027,450
Liabilities and Fund Balance	
Liabilities	
Accrued liabilities	10,000
Total liabilities	10,000
Fund Balance	
Unassigned	19,017,450
Total fund balance	19,017,450
Total liabilities and fund balance	$ 19,027,450

Total Fund Balance - Governmental Funds	$ 19,017,450
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	22,321,911
Prepaid insurance related to long-term liabilities are not financial resources and , therefore, are not reported in governmental funds.	2,534,231
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	
Bond payable	(132,412,224)
Deferred charge on refunding	304,308
Accrued interest payable	(3,184,928)
Net Position of Governmental Activities	$(91,419,252)

The Colony Local Development Corporation

Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balance

Year Ended September 30, 2024

	General Fund
Revenues	
Sales tax	$ 8,841,724
Intergovernmental	1,522,060
Interest income	386,634
Total revenues	10,750,418
Expenditures	
Debt service	
Principal	3,175,000
Interest	6,438,787
Total expenditures	9,613,787
Change in fund balance	1,136,631
Fund balance at beginning of year	17,880,819
Fund balance at end of year	$ 19,017,450

Net Change in Fund Balance - Governmental Funds	$	1,136,631
Amounts reported for governmental activities in the statement of activities are different because:		
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in the financial statements		47,381
The repayment of principal of long-term debt consumes the current financial resources of governmental funds.		
Bond principal repayments		3,175,000
Amortization of discounts on debt issuance		(2,000)
Amortization of deferred charges on refundings		(27,664)
Amortization of prepaid insurance		(110,184)
Change in net position of governmental activities	$	4,219,164

Note 1 - Summary of Significant Accounting Policies

A summary of The Colony Local Development Corporation's significant accounting policies consistently applied in the preparation of the accompanying statements follows:

Organization and Nature of Activities

The City of The Colony (the City) created The Colony Local Development Corporation (LDC) on November 8, 2011. The LDC was formed to finance projects located within the Tax Increment Reinvestment Zone Number One, under the authority of the Tax Increment Financing Act. The LDC is governed by a nine-member board of directors; all nine were appointed by the City Council.

Measurement Focus and Basis of Accounting

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the primary government.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis of accounting.

Sales taxes are susceptible to accrual. As a result, sales taxes collected and held by the state on behalf of the Corporation are recognized as revenues. The Corporation utilizes the general fund, a governmental fund type, to account for its activities.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Corporation maintains its cash deposits at financial institutions. The Corporation considers all short-term highly liquid investments that are readily convertible into cash within ninety (90) days of date of purchase to be cash equivalents.

Custodial credit risk – deposits. The Corporation's cash deposits at September 30, 2024 were fully secured by federal deposit insurance and by pledged securities held by the Corporation's agent in the Corporation's name.

Restricted Cash and Cash Equivalents

Restricted cash in the General Fund includes amounts restricted for debt service.

Prepaid Items

Prepaid insurance represents costs associated with the issuance of Sales Tax Increment Contract Revenue Bonds, Series 2013A, incurred by the LDC for which benefits extend beyond September 30, 2024. The cost of the insurance is recorded as an expenditure when incurred in the fund level financial statements; however, it is recorded as an asset and amortized into expense over the life of the related debt in the government-wide financial statements.

Capital Assets

Capital assets are recorded at cost less accumulated depreciation. Expenses for maintenance and repairs, which do not extend the life of the applicable assets, are charged to expense as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains and losses are included in income.

Fair Value Measurements

Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

The Corporation has no investments subject to fair value inputs as the Corporation only invests in high-yield savings which is reported at amortized cost.

Fund Balance

The Corporation classifies governmental fund balance in the following categories:

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At September 30, 2024, the Corporation had no nonspendable fund balance.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At September 30, 2024, the Corporation had no restricted fund balance.

Committed fund balance is established and modified by a resolution from the Corporation's Board, the Corporation's highest level of decision-making authority, and can be used only for the specific purposes determined by the Board's resolution. At September 30, 2024, the Corporation had no committed fund balance.

Assigned fund balance is intended to be used by the Corporation for specific purposes but does not meet the criteria to be classified as restricted or committed. The Corporation's Board has the authority to assign fund balance. At September 30, 2024, the Corporation had no assigned fund balances.

Unassigned fund balance is the residual classification for the Corporation's general fund and includes all spendable amounts not contained in the other classifications.

The Corporation uses restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the Corporation would first use restricted, committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Note 2 - Investments

State statutes authorize the Corporation to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of the State of Texas or its agencies; 3) other obligations guaranteed by the U.S. or the State of Texas or their agencies and instrumentalities; 4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; 5) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas; and 6) fully collateralized repurchase agreements. The Corporation has not adopted an investment policy.

Note 3 - Capital Assets

A summary of the Corporation's capital assets as of September 30, 2024, follows.

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated				
Land	$ 22,321,911	$ -	$ -	$ 22,321,911
Total capital assets, not being depreciated	22,321,911	-	-	22,321,911
Capital assets, net	$ 22,321,911	$ -	$ -	$ 22,321,911

Note 4 - Long-Term Obligations

The following is a summary of activity of long-term obligations of the Corporation for the fiscal year ended September 30, 2024:

	Balance at October 1, 2023	Additions	Retirements	Balance at September 30, 2024	Due Within One Year
Sales tax increment contract revenue bonds, Series 2013	$ 14,960,000	$ -	$ (255,000)	$ 14,705,000	$ 285,000
Sales tax increment contract revenue bonds, Series 2013A	102,450,000	-	(1,685,000)	100,765,000	1,805,000
Sales tax increment contract revenue bonds, Series 2021	18,200,000	-	(1,235,000)	16,965,000	1,280,000
Discount on revenue bonds	(24,776)		2,000	(22,776)	-
Total long-term debt	$ 135,585,224	$ -	$ (3,173,000)	$ 132,412,224	$ 3,370,000

Debt service requirements on the bond payable are as follows:

Fiscal Year Ending	Principal	Interest	Total
2025	$ 3,370,000	$ 6,306,400	$ 9,676,400
2026	3,580,000	6,174,005	9,754,005
2027	3,800,000	6,030,306	9,830,306
2028	4,025,000	5,874,777	9,899,777
2029	4,275,000	5,544,089	9,819,089
2030-2034	25,640,000	25,386,442	51,026,442
2035-2039	26,440,000	18,093,539	44,533,539
2040-2044	32,705,000	11,294,191	43,999,191
2045-2048	28,600,000	3,053,798	31,653,798
	$ 132,435,000	$87,757,547	$ 220,192,547

Bond Payable

In February 2013, the LDC issued Sales Tax Increment Contract Revenue Bonds, Series 2013, due in annual installments from October 1, 2018, through October 1, 2042, at interest rates from 5% to 7.625%, in the amount of $15,875,000, with a remaining balance as of September 30, 2024, of $14,705,000.

In February 2013, the LDC issued Sales Tax Increment Contract Revenue Bonds, Series 2013A, due in annual installments from October 1, 2020, through October 1, 2047, at interest rates from 2.594% to 4.881 %, in the amount of $106,850,000, with a remaining balance as of September 30, 2024, of $100,765,000.

In February 2021, the LDC issued Sales Tax Increment Contract Revenue Bonds, Series 2021, due in annual installments from October 1, 2021, through October 1, 2034, at an interest rate of 3.58%, in the amount of $20,545,000, with a remaining balance as of September 30, 2024, of $16,965,000.

Note 5 - Contingencies

The Corporation is not a party to any legal actions that are believed by management to have a material effect on the financial condition of the Corporation. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

Note 6 - Risk Management

The Corporation is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the Corporation purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three years.

Note 7 - Pledged Revenue

The Colony LDC Board of Directors officially met on February 7, 2013. The Board approved the issuance of Sales Tax Increment Contract Revenue Bonds, Series 2013; Sales Tax Increment Contract Revenue Bond, Series 2013A; and Ad Valorem Tax Increment Contract Revenue Bonds, Series 2013 to fund the purchase and development of warehouse/distribution/retail facilities, a 433-acre tract of land, public infrastructure, and public improvements within the Tax Increment Reinvestment Zone Number One (the Zone). The developer has also issued (private) debt to fund the development. The City of The Colony's sales and use tax (1%), 100% of the City's real property taxes, and 90% of the Denton County real property taxes attributable to the Zone are pledged and will be used to pay the principal and interest obligations of the LDC and the developer for as long as the debt obligations remain unpaid.

Note 8 - Correction of an Error in Previously Issued Financial Statements

During the year ended September 30, 2024, the Corporation determined that there were certain errors in amounts previously reported in the 2023 financial statements resulting in a restatement of the beginning net position. The corrections consist of the following:

The Corporation identified that prepaid insurance recorded upon issuance of the 2013 revenue bonds at TCLDC had not been amortized. Accordingly, prepaid assets were overstated by $926,361. The effect of this correction is shown below. In 2024, the Corporation corrected the classification of amounts reported for net position. Amounts were misclassified between investment in capital assets and unrestricted net position and have been reclassified in the current year to correct this error. The periods affected by the error would have begun in 2013.

Beginning net position was restated as follows:

	October 1, 2023, As Previously Reported	Error Correction	October 1, 2023, As Restated
The Colony Local Development Corporation	$ (94,712,055)	$ (926,361)	$ (95,638,416)

If these amounts had been properly recorded in the prior year, the change in net position would have been adjusted as follows for the year ended September 30, 2023:

	October 1, 2023, As Previously Reported	Error Correction	October 1, 2023, As Restated
The Colony Local Development Corporation	$ 3,138,800	$ (110,184)	$ 3,028,616

Compliance Section
September 30, 2024

The Colony Local Development Corporation

A Component Unit of the City of the Colony, Texas

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
The Colony Local Development Corporation
The Colony, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and the major fund of The Colony Local Development Corporation (the Corporation), a component unit of the City of the Colony, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Corporation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Corporation's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Abilene, Texas
March 12, 2025

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Section II – Financial Statement Findings

Finding 2024-001: Preparation of Financial Statements, Restatement, and Material Audit Adjustments

Type of Finding: Material Weakness

Criteria: Management of the Corporation is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the fair presentation of the financial statements that are free from material misstatement in a timely manner.

Condition: The internal control structure of the Corporation has focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains deficiencies which resulted in certain material entries recorded to prepaid assets that were detected as a result of audit procedures. Additionally, the Corporation recorded adjustments to restate beginning net position of the Corporation's financial statements in accordance with generally accepted accounting principles.

Cause: The Corporation does not prepare and has not developed an internal control system to provide for the timely preparation of the financial statements and related disclosures in a timely manner.

Effect:	The preparation of financial statements may result in financial statements and related information included in financial statement disclosures not being available or accurate for management purposes as timely and accurate as it would be if the financial statements were prepared by the Corporation.
Recommendations:	Auditing standards require that auditors communicate this deficiency; however, the Corporation prepares budgetary and other financial reports for Board review on a routine basis, similar to many smaller governmental entities. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.
View of Responsible Officials:	Refer to the Corrective Action Plan

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings
September 30, 2024
Prepared by Management of

The Colony Local Development Corporation, a Component Unit of the City of The Colony, Texas

No prior audit findings noted.

Finding 2024-001

Finding Summary:	The internal control structure of the Corporation failed to identify certain material entries related to prepaid assets that were detected as a result of audit procedures during the current fiscal year. Additionally, the Corporation recorded adjustments to restate beginning net position, which if not recorded, would have resulted in a misstatement of the Corporation's financial statements.
Responsible Individuals:	Tim Miller, Assistant City Manager
Corrective Action Plan:	The Corporation implemented review and reconciliation measures to avert future oversights and ensure that transactions are timely recorded to prevent future misstatements.
Anticipated Completion Date:	October 2024